



# NEWS & INFORMATION

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## **IUB sets ratemaking principles for IPL's proposed Marshalltown power plant**

The Iowa Utilities Board (IUB) today decided the ratemaking principles to be applied to Interstate Power and Light Company's (IPL) proposed Sutherland Generating Station Unit 4 in Marshall County, establishing a 10.1 percent return on equity for up to \$985.6 million of investment in a 350-megawatt portion of this electric plant.

Today's decision does not impact the utility's current rates. Under the advance ratemaking principles awarded by the IUB, the utility must determine whether to proceed with construction of this facility. The new plant would need to be in operation and the IUB would have to reach a decision in a contested-case rate proceeding before any costs could be included in rates.

All specific details of the IUB's decision in this case, identified as Docket No. RPU-08-1, will be included in its written decision. When it is issued, this order will be posted on the IUB Web site, [www.state.ia.us/iub](http://www.state.ia.us/iub). There is no set deadline for the written decision, but the IUB expects it will be issued in the next two or three weeks.

Last spring, the IUB granted IPL a conditional generating certificate for this plant in Docket No. GCU-07-1. Certificate conditions included certain renewable energy production requirements for IPL, both for this plant and across its Iowa electric generation portfolio.

Advance ratemaking principles cases in Iowa stem from the passage of House File 577 in 2001, which has enabled utilities to determine certain aspects of the regulatory treatment an electric generating source will receive before it is built. This can include a rate of return on equity, plant costs, and the regulated life of the plant, among other things. Previously, utility companies were required to wait until after new plants were in service before learning how regulators would treat the new investment. Additionally, those rate treatments were subject to change over the life of the facility, which is no longer the case in this new regulatory environment.

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