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IOWA UTILITIES COMMISSION

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. TF-2025-0047
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STATEMENT OF ISSUES AND SUPPORTING INFORMATION

The Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, in accordance with the Iowa Utilities Commission (Commission) Order Establishing Procedural Schedule and Deferring Consideration for Confidentiality Request issued on July 15, 2025, presents the following issues related to the proposed ICR Contract rate in this docket.

INTRODUCTION

The stated purpose of the ICR Rider is to attract large incremental high load factor and highly flexible loads that provide net benefits to Interstate Power and Light Company's (IPL or Company) Iowa customers and communities served by the Company, while ensuring other customers are not harmed due to the addition of the incremental load. (Rider ICR Purpose, Sheet No. 80). The attraction of large new customer load presents important opportunities, but large new load can also present risks for the Company and its current customers. In this case, IPL proposes to accept an obligation to serve { } of new load from this Customer. (Exh. 7 of ESA Phase 2 and Phase 3, ESA Phase 2 and Phase 3 at 1). This new load represents more than { } of IPL's current load obligation.¹

¹ *In re: Interstate Power and Light Co.*, Docket No. RPU-2021-0003, Resource Evaluation Study ("RES"), at 93, Exh. 76 (Feb. 13, 2025); *In re: ITC-Midwest*, FERC Docket No. ER22-1602, "Jan2025_ITCMW_Proj_AttOGGMM", workpaper tab "ITCM 2025 Proj Att. O, 1".

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The availability of service under this tariff is subject to Customer eligibility requirements and may be limited in order to protect the Company's generation resources or the transmission grid and overall system. (Rider ICR, Availability Terms, Sheet No. 80). IPL is required to evaluate each Customer's operation and the expected impacts to the Company and existing retail customers to determine a Customer's ability to participate in this rate. A customer will not be eligible for service under this tariff if the Company determines it to be uneconomic for the Company or other retail customers. The ICR rates must be designed to recover no less than the marginal costs to serve the Customer over the term of the Service Agreement. (ICR Rider Rules and Regulations, Sheet No. 83). The term of any Service Agreement shall not be less than five years; a longer initial service term may be required based on the Company's evaluation of the Customer's operation and the expected impacts to the Company and existing retail customers. (ICR Rider, Sheet No. 81). If the Commission is not convinced the Service Agreement is economic and beneficial for IPL and its customers, it may take any action it deems appropriate based on its review of the proposed Service Agreement, including denial or modification of the Service Agreement. (Rider ICR, Rules and Regulations, Sheet No. 83. Sheet No. 83.1).

ISSUES

- 1. The proposed ICR Service Agreement does not demonstrate compliance with eligibility prerequisites and documentation requirements in the ICR Rider.**

Rider ICR establishes eligibility prerequisites for a Customer seeking to take service at the more favorable ICR rate. In addition to satisfying new load size criteria, the Customer must also meet one of the following eligibility criteria:

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- Customer has (1) a metered demand of 25,000 kW or greater at a single metering point, **(2) *an expected load factor of at least 80 percent***, and (3) expected annual energy sales of at least 175,000 MWh over 12 consecutive billing months (emphasis added); or
- Customer has (1) a metered demand of 25,000 kW or greater at a single metering point, (2) demonstrated to the Company's satisfaction Customer's ability to reduce load to an established Firm Demand level, and (3) met the applicable Load Modifying Resource (LMR) requirements pursuant to MISO's Tariff Module E-1, Business Practice Manual, or any successor.²

In support of this requirement, IPL must provide Service Agreement Documentation that describes the service to be provided, including the definition of the Customer requesting service, the nature of the Customer load, and the proposed service(s) to be provided by the Company. The proposed ICR Service Agreement does not specify the nature of the load to be served, nor does it purport to meet either of the foregoing eligibility criteria. In contrast to the previous ICR Service Agreement wherein IPL stated the leading power factor of the Customer load "will be in excess of 0.8, as required by Rider ICR,"³ IPL is silent on this requirement in the Request and Service Agreement submitted in this docket. While IPL suggests that it will be serving data center load that requires large amounts of highly reliable, constant electric power (Request at ¶ 16), it must demonstrate that this high load factor eligibility standard will be met and how it will be enforced.⁴ In the absence of such a showing, it is unreasonable to { [REDACTED]

{ [REDACTED] }⁵ { [REDACTED] }

[REDACTED]

² Rider ICR, Eligibility, Sheet No. 80 (emphasis added).

³ *In re: Interstate Power and Light Co.*, Request for Review of Individual Customer Rate Service, ¶ 15.

⁴ IPL is required to submit Service Agreement Documentation, including the definition of the Customer requesting service, the Customer load, and the proposed service(s) to be provided by the Company. (ICR Rider, Sheet No. 83.1).

⁵ Supporting Spreadsheet for ICR Service Agreement, Confidential Attachment 9 (IPL Response to OCA Verbal Inquiry).

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2. The proposed ICR Service Agreement does not demonstrate compliance with documentation requirements in the ICR Rider.

IPL is required to file supporting detail for the proposed ICR Rate in Confidential Attachment 9. (Rider ICR, Sheet No. 83).⁶ The Commission agreed that it was not possible to meaningfully review the ICR Service Agreement without supporting detail for the ICR Rate spreadsheet. IPL has not filed its full spreadsheet detail to-date.⁷ The Commission should not find IPL's Request to be complete until IPL provides this detail.

3. Contrary to IPL's assertions (Request ¶ 28), the Service Agreement does not include sufficient safeguards to protect IPL and non-ICR customers from stranded costs related to providing facilities to ensure generation and transmission capacity to serve the customer.

As a general matter, it can take several years for data center load and other hyperscale loads to develop, and there is a risk that some portion of the load may never be developed. Other Midwest utilities are imposing contract capacity requirements and contract terms to manage the risk of stranded investment associated with meeting this speculative load. The Ohio PUC recently approved a settlement requiring the following terms to mitigate this risk⁸:

⁶ OCA obtained this information from IPL subsequent to submission of the Service Agreement.

⁷ IPL's Confidential Attachment 9, Sch. B, contains only hard coded values on Lines 10-13 (Marginal Cost of Transmission), 15-22 (Marginal Cost of Capacity), and 24-28 (Marginal Cost of Energy).

⁸ See, e.g., *In the Matter of the Application of Ohio Power Company for New Tariffs Related to Data Centers and Mobile Data Centers*, PUCO Docket No. 24-508-EL-ATA, Opinion and Order at ¶ 46 (<https://puco.ohio.gov/news/puco-orders-aep-ohio-to-create-data-center-specific-tariff>; <https://www.aep.com/news/stories/view/9829/AEP-Ohio-PUCO-Staff-Ohio-Consumers-Counsel-Ohio-Energy-Group-and-Others-Agree-on-How-to-Address-Growing-Data-Center-Power>).

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<i>Load Ramp Period</i>	The “load ramp period” will not exceed four years and the contract capacity will be no less than: In Year 1: 50-percent contract capacity In Year 2: 65-percent contract capacity In Year 3: 80-percent contract capacity In Year 4: 90-percent contract capacity
<i>Contract Term</i>	The initial term of the contract will equal the Load Ramp Period (no greater than four years) plus eight years. If regional transmission upgrades are needed, the in-service date estimate will be high-level and contingent on numerous factors outside of AEP’s control. If electric infrastructure is not in place to serve the customer by the estimated in-service date, the customer may petition the Commission for an adjustment to the contract term based on the facts and circumstances presented at the time (but the contract term will otherwise remain the load ramp period plus eight years).
<i>Minimum Demand Charges</i>	Monthly billing demand would be no less than the greater of: a) 85-percent of the customer’s highest previously established monthly billing demand during the past 11 months; or b) Percentage of the customer’s contract capacity according to the following schedule: for customers with 25,001 kW to 75,000 kW of total contract capacity: minimum demand is 15,000 kW plus 85 percent of any capacity above 25,000; or with more than 75,000 kW of total contract capacity, minimum demand is 57,500 kW plus 100 percent of any capacity above 75,000. However, the minimum demand cannot exceed 85 percent of the total contract capacity.

Similarly, the Indiana Utility Regulatory Commission approved terms for data center development including a minimum demand charge based on 80 percent of the Large Customer’s contract capacity or 80 percent of the Large Load Customer’s highest monthly billing demand during the past 11 months. The Indiana-Michigan Initial Contract must be at least 12 years and allows a Load Ramp Period no greater than five years. If a Load Ramp Period is designated, the Initial Contract Term shall commence after the Load Ramp Period ends.⁹

⁹ *In the Matter of the Verified Petition of Indiana Michigan Power Company for Approval of Modifications to its Industrial Power Tariff – Tariff I.P.*, Cause No. 46097 (<https://www.utilitydive.com/news/indiana-michigan-power-aep-amazon-google-microsoft-data-center-interconnect/733850/>).

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An important advantage of sufficiently stringent minimum contract demand is that it encourages data customers to accurately estimate their loads:

AEP Ohio also avers that the 10/23 Stipulation is in the public interest because it will facilitate AEP Ohio providing accurate estimates of forecasted load which in turn will allow the “right-sizing” of the transmission system and any necessary improvements. The company notes that, as a regulated utility, it is obligated to make the full amount of a customer’s contracted load available; under current Schedule GS; however, AEP Ohio believes data customers are encouraged to overestimate their load needs by signing up for more power than they need. AEP Ohio argues that the 10/23 Stipulation provides reasonable incentives for data centers to accurately estimate their load needs, while also apportioning the risk of underutilized investments in a reasonable fashion. AEP Ohio asserts that the minimum demand provisions in the 10/23 Stipulation – with a sliding scale capped at 85 percent of contract capacity – ensure that data centers offset the costs of infrastructure built to serve them, lessening the likelihood of such costs being shifted to other customers.¹⁰

Wisconsin Electric Power Company (Wisconsin Electric) proposed a Very Large Customer Tariff which prevents infrastructure costs associated with serving the large load from being shifted to non-participating customers by requiring the Eligible Customers to pay their share of the costs for new generation resources.¹¹ The Resource Agreement of an Eligible Customer is effective for the depreciable life of the resource, except for wind or solar resources which will have a term of 20 years or more. In the event of early termination, unless Wisconsin Electric is able to repurpose the resource and the Wisconsin Public Utilities Commission approves such repurposing, the Eligible Customer shall be billed for any remaining undepreciated book balance of the generation resource. The Service Agreement for distribution

¹⁰ *In the Matter of the Application of Ohio Power Company for New Tariffs Related to Data Centers and Mobile Data Centers*, PUCO Docket No. 24-508-EL-ATA, Opinion and Order at ¶ 96 (citing AEP Ohio Br. at 48-51) (July 9, 2025) (<https://puco.ohio.gov/news/puco-orders-aep-ohio-to-create-data-center-specific-tariff>).

¹¹ Application of Wisconsin Electric Power Company for Approval of its Very Large Customer Tariff and Bespoke Resources Tariff, Docket No. 6630-TE-113 (3/31/2025), <https://apps.psc.wi.gov/APPS/dockets/content/detail.aspx?id=6630&case=TE&num=113>.

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and transmission pass-through requires a ten-year term. In the event of early termination, unless the utility is able to repurpose the resources and the Commission approves such repurposing, the Eligible Customer shall be billed for any remaining undepreciated book balance of the dedicated distribution assets and must pay for a pass-through charge for transmission service.

{ [REDACTED]

[REDACTED]

[REDACTED] }¹² { [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] }

{ [REDACTED]

[REDACTED]

[REDACTED] }¹³ { [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹² IPL Response to OCA Data Request No. 6-Confidential.

¹³ IPL Response to OCA Data Request Nos. 6 and 11-Confidential.

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[REDACTED]

[REDACTED]

[REDACTED]

4. **Unless the Service Agreement is modified, it will likely not provide sufficient revenues to cover IPL's marginal cost to serve the new load.**

Most of the information for this response is derived from IPL's Response to OCA's Verbal Inquiry (labeled as IPL CONF Response to OCA Data Request No. 1).

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[REDACTED] }

¹⁴ See IPL Response to OCA DR 8, 13-Confidential.

¹⁵ See IPL's RES, pp. 42-43 and ICR Service Agreement Conf. Att. 8, p. 4.

¹⁶ This could arise from higher construction costs (due to tariffs, supply chain issues, inflation, and the increased demand for new generation resources), the reduction or elimination of federal tax incentives, the award of higher cost of capital assumptions for new generation resources, and lower estimated or realized capacity factors than were utilized by IPL in computing the estimated marginal cost of new generation facilities. See IPL Exhibit 8 for energy generation assumptions.

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{ [REDACTED] }

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[REDACTED] }

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[illegible]

§ 87(2)(b)

Recent studies suggest that significant efficiencies can be achieved by incentivizing new large load customers to bring their own generation to help meet their load.¹⁷ Most large data center customers plan to install co-located backup generation. By planning to co-locate data centers with primary generation that can run at any time (as well as potentially providing backup power if needed), the new customer can supply all or a part of its energy and resource adequacy on-site, minimizing the impact on IPL's resource planning obligation and

¹⁷ See <https://www.brattle.com/insights-events/publications/accelerating-the-integration-of-new-co-located-generation-and-loads/>.

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will help to ensure the Customer's rates are adequate to provide appropriate contribution to the recovery of costs incurred to develop generation resources to serve this new load.

WHEREFORE, OCA presents the foregoing Statement of Issues and reserves the right to modify these findings as it considers additional information during the review period. OCA will participate in any Technical Conferences scheduled in this matter, and in accordance with the Procedural Schedule established for this matter, will submit a Statement of Position and Supporting Information on or before August 14, 2025.

Respectfully submitted,

BRENNA BIRD
Attorney General of Iowa

/s/ Lanny L. Zieman
LANNY L. ZIEMAN
Consumer Advocate

/s/ Jennifer C. Easler
JENNIFER C. EASLER
Attorney

1375 East Court Avenue
Des Moines, Iowa 50319-0063
Telephone: (515) 725-7200
E-mail: IowaOCA@oca.iowa.gov

OFFICE OF CONSUMER ADVOCATE