

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: WINTER MORATORIUM EXTENSION;	DOCKET NO. SPU-2020-0003
IN RE: IOWA AMERICAN WATER COMPANY;	DOCKET NO. ARU-2020-0123
IN RE: INTERSTATE POWER AND LIGHT COMPANY;	DOCKET NO. ARU-2020-0150
IN RE: MIDAMERICAN ENERGY COMPANY;	DOCKET NO. ARU-2020-0156
IN RE: LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP d/b/a LIBERTY UTILITIES; AND	DOCKET NO. ARU-2020-0222
IN RE: BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC d/b/a BLACK HILLS ENERGY	DOCKET NO. ARU-2020-0225

**ORDER AUTHORIZING REGULATORY ACCOUNTS AND ESTABLISHING
ADDITIONAL REPORTING INSTRUCTIONS**

BACKGROUND

On January 31, 2020, the United States Department of Health and Human Services declared a national public health emergency based on the World Health Organization's (WHO) report concerning an outbreak associated with novel

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coronavirus 2019 (COVID-19), in multiple countries across the globe. Iowa Governor Kim Reynolds issued a statewide disaster proclamation of public health emergency commencing on March 9, 2020, to continue until the state public health emergency has been formally lifted by Governor Reynolds in writing, pursuant to the provisions in Iowa Code chapter 29C.

In response to the March 9, 2020 proclamation, the Utilities Board (Board) issued an order on March 13, 2020, extending the winter moratorium for eligible electric and natural gas customers from April 1, 2020, to May 1, 2020. This extension prevented disconnection of eligible customers until after May 1, 2020¹.

On March 27, 2020, the Board issued a second order extending the requirement that all electric and natural gas utilities refrain from the disconnection of customers until the public health emergency is lifted by written statement of the Governor. The order strongly encouraged and requested all water utilities also to refrain from disconnecting customers during this time period.

This order is one step in a series of actions to be taken by the Board, formally and informally, to provide assistance to customers and utilities and to aid in Iowa's recovery. Through its prior orders, the Board has restricted the disconnection of utility customers. As such restrictions on disconnection come to an end, coordination is needed among the Board, utilities, and partner agencies to minimize ramifications

¹ By proclamation dated April 27, 2020, Governor Kim Reynolds extended the Disaster Emergency to May 27, 2020, thereby extending the disconnection moratorium through that date.

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while assuring both safe, reliable service to customers and just and reasonable compensation to the utilities.

Dependent upon evolving workforce availability and access to homes and offices, parties may need to seek waivers from the Board to delay required regulatory actions. The Board is continuing to monitor conditions to determine when such extensions or waivers may be appropriate. It is expected that the continued high level of communication among all those involved can facilitate coordination to address these needs.

ACCOUNTING STANDARD – REGULATORY ACCOUNTS

Pursuant to 199 Iowa Administrative Code (IAC) 16.2, the Board has adopted the uniform systems of accounts for public utilities and licensees subject to the provisions of the Federal Power Act, 18 CFR Part 101, and the uniform systems of accounts for rural electric cooperatives prescribed for electric borrowers of the Rural Utilities Service, except as specifically modified in 199 IAC chapter 16. Pursuant to 199 IAC 16.3, the Board has adopted the uniform systems of accounts for natural gas utilities subject to the provisions of the Natural Gas Act, 18 CFR Part 201, except as specifically modified in 199 IAC chapter 16. Pursuant to 199 IAC 16.4, the Board has adopted the 1996 uniform systems of accounts for Class A, B, and C water utilities published by the National Association of Regulatory Utility Commissioners (NARUC), except as specifically modified in 199 IAC chapter 16.

The Federal Power Act which provides for the use of Regulatory Assets and Liabilities at 18 CFR §101(31) states:

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31. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determination in one period under the general requirements of the Uniform System of Accounts but for it being probable:

- a. that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or
- b. in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

Similar provisions are found at 18 CFR § 201(31) and § 186.3 of the NARUC uniform system of accounts for water utilities.

The Board has previously approved the use of regulatory asset and liability accounts to track expenses and revenues incurred for which a public utility will seek recovery of or a return to customers in a future rate proceeding. See SPU-2015-0039. In light of the current state of declared disaster emergency by the State of Iowa and the United States, it is appropriate that the unique and unanticipated financial impacts of this pandemic be tracked.

The Board finds appropriate the use of regulatory accounts for the tracking of financial impacts arising from the COVID-19 pandemic. The Board is opening separate dockets for each rate-regulated utility to file the information regarding the regulatory asset account. The Board will require each rate-regulated utility to file a proposal for the use of regulatory accounts to be submitted to the Board for review.

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MORATORIUM REPORTING

Pursuant to 199 IAC 19.2(5)(j) and 199 IAC 20.2(5)(j), rate-regulated utilities are required to file monthly residential customer reports which include the reporting of information relevant to the annual moratorium on the disconnection of residential electric or natural gas customers, as established by Iowa Code § 476.20(2). The rule states as follows:

j. *Residential customer statistics.* Each rate-regulated gas utility shall file with the board on or before the fifteenth day of each month one copy of the following residential customer statistics for the preceding month:

- (1) Number of accounts;
- (2) Number of accounts certified as eligible for energy assistance since the preceding October 1;
- (3) Number of accounts past due;
- (4) Number of accounts eligible for energy assistance and past due;
- (5) Total revenue owed on accounts past due;
- (6) Total revenue owed on accounts eligible for energy assistance and past due;
- (7) Number of disconnection notices issued;
- (8) Number of disconnection notices issued on accounts eligible for energy assistance;
- (9) Number of disconnections for nonpayment;
- (10) Number of reconnections;
- (11) Number of accounts determined uncollectible; and
- (12) Number of accounts eligible for energy assistance and determined uncollectible.

In light of the expansion of the current disconnection moratorium and the additional economic impacts noted above, it is appropriate for additional information to be reported by rate-regulated utilities. For consistency, the Board will direct the utilities to provide specific disconnection and payment plan information for residential, commercial, and industrial customers as follows:

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1. The number of customers disconnected by customer class.
2. The number of customers involuntarily disconnected that were eligible for energy assistance.
3. The number of customers that entered into initial payment agreements, the average duration of the payment agreement, and the average monthly payment.
4. The number of customers that entered into second payment agreements, the average duration of the second payment agreements, and the average monthly payment.
5. The number of customers who entered into payment agreements not required by Board rules, the average duration of those payment agreements, and the average monthly payment.
6. Revenue owed on accounts by class broken down by 30, 60, 90 and over 90 days in arrears.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. Rate-regulated utilities may utilize a regulatory asset account to track the increased expenses and other financial impacts, including revenue changes, incurred after March 1, 2020.
2. The Board hereby opens the following dockets for the filing of company proposals and other filings related to the establishment of regulatory asset accounts:

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- a. Iowa American Water Company, Docket No. ARU-2020-0123.
- b. Interstate Power and Light Company, Docket No. ARU-2020-0150.
- c. MidAmerican Energy Company, Docket No. ARU-2020-0156.
- d. Liberty Utilities (Midstates Natural Gas) Corp d/b/a Liberty Utilities, Docket No. ARU-2020-0222.
- e. Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, Docket No. ARU-2020-0225.

3. Within 30 days of the date of this order, any public utility intending to establish and use such a regulatory asset account shall file a proposal with the Board identifying the costs, financial assistance, revenue changes, and other matters to be accounted for in the regulatory asset account. The public utility may include in its proposal additional data to be reported. The public utility shall propose appropriate periodic reporting requirements. Such proposals should be filed in the company's designated docket opened above.

4. Interested parties shall file any comments on the regulatory account proposals filed pursuant to Ordering Clause 3 within 20 days of the filing of such proposal.

5. Rate-regulated utilities required to file monthly reports that distinguish the industry type and the dates covered by the reports, in the format provided pursuant to 199 IAC 19.2(5)(j) and 199 IAC 20.2(5)(j) shall file weekly updates through September 4, 2020, in the company's M-docket within the Board's electronic filing system to include all information required in the monthly reports and the following additional information, updated through the prior week:

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- a. All reporting categories separated by residential, commercial, and industrial customer classes in addition to the totals reported for all classes.
 - b. The number of customers disconnected by customer class.
 - c. The number of customers involuntarily disconnected that were eligible for energy assistance.
 - d. The number of customers that entered into initial payment agreements, the average duration of the payment agreement, and the average monthly payment.
 - e. The number of customers that entered into second payment agreements, the average duration of the second payment agreements, and the average monthly payment.
 - f. The number of customers who entered into payment agreements not required by Board rules, the average duration of those payment agreements, and the average monthly payment.
 - g. Revenue owed by class that are 30, 60, 90 or more than 90 days in arrears.
6. Beginning with the monthly reports due May 15, 2020, and continuing through the reports due April 15, 2021, rate-regulated utilities shall include the additional information required by Ordering Clause 5 in their required monthly reports filed in Docket Nos. IAC-2020-1902 for gas utilities and IAC-2020-2002 for electric utilities.
7. Through September 4, 2020, all municipal electric, gas, and water utilities, rural electric cooperative utilities, and rural water associations are requested to provide to the Board information, updated every two weeks, related to the number of utility customer accounts which are currently in arrears and the total amount in arrears for each class type. The information shall include whether those accounts

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are 30, 60, 90, or more than 90 days in arrears, specifying the number of such accounts and dollar amount of arrears for each of the customer classes of residential, commercial, and industrial. The information should also include revenue loss, expenses, and other financial impacts due to the COVID-19 pandemic.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Nick Wagner

ATTEST:

/s/ Kelsie Vanderflute

/s/ Richard W. Lozier, Jr.

Dated at Des Moines, Iowa, this 1st day of May, 2020.