

City of Decorah Utility Committee Meeting Thursday, April 23, 2020 – 3:00pm

Electronic meeting pursuant to Iowa Code section 21.8 – In circumstances where such a meeting is impossible or impractical due to concerns about COVID-19 and social distancing for the safety of Council's committee members and the public.

In support of Iowa Governor Kim Reynolds' proclamation declaring a State of Public Health Disaster Emergency in Iowa, the current COVID-19 situation makes it "impossible and impractical" to meet in one location. Due to this the Decorah City Hall will remain closed to the public for the April 23, 2020 City Council utility committee meeting. However, the meeting will be made available telephonically. The public will be able to hear and participate in the Council meeting by calling the number provided.

The City of Decorah Utility Committee met on Thursday, April 23, 2020 at 3:00pm.

Chairman Andy Carlson called the meeting to order and the following answered roll: Steve Luse, Randy Schissel, and Johanna Bergan. Mayor Lorraine Borowski, Ross Hadley, Kirk Johnson, and Emily Neal were also in attendance. Others in attendance: City Manager Chad Bird and several Dept Heads.

Alliant representatives included Marty Mensen, Dustin Mohs, Keith Sherman, Julie and Scott.

Agenda

Discussion regarding electric utility franchise agreement

To start the meeting, Carlson asked the Alliant team to review the questions provided.

Mensen asked Carlson what the goals of the meeting might be. Carlson noted a review of the questions and then understanding of Alliant's position on the current agreement.

Questions, for April 23, 3:00pm

How many communities do not currently have franchise agreements with you? Do you impose the tariff on those communities?

*Mensen noted Alliant has 699 franchise agreements around Iowa.
208 electric agreements.*

Decorah is the only non-franchised electric utility in their territory.

Neal asked if all those agreements currently have relocation language? Mensen noted he believed they do.

Sherman, believes this has been practice since at least 2005.

Alliant serves 83 counties in Iowa.

Neal asked about using some discretion post 2009, after the tariff change.

Mensen stated he was unsure of the language of the old agreement language in relation to tariff but said there may have been some discretion by Alliant after the 2009 tariff.

Please provide a list of all instances where you have billed communities (and received payment) for utility work, including relocation services, during the last 10 years. Include date, community, work included, and amount.

Mensen doesn't believe this situation exists, but is unsure. He noted he is sure that previous work was not billed due to existing franchise agreements.

Neal asked that Alliant could have charged the City but didn't. Mensen noted that appears to be correct but couldn't speak for past company practices.

We'd like to better understand the upgrades you are currently making in the Decorah area, what are you currently doing, and what are your criteria for determining these upgrades?

Mensen noted budgets play a big impact on what improvements are made and when they are planned. He stated the company develops a list of improvement projects.

2019 included regulatory maintenance based on inspections. There was a lot of that in 2019.

Alliant has planned about ten reliability projects, including line repairs. This does not include the battery project slated for 2020.

Carlson asked if these are State (IUB) imposed inspections? Mensen noted it is part of the filing with the IUB, especially the regulatory maintenance items.

Neal asked what other communities is Alliant working in at this level. Mensen noted Mason City is experiencing 70 miles of lines. This is also because of the regulatory maintenance program as noted. Most of that work is to place infrastructure underground.

Neal asked if these improvements were included in the "grid modernization" program as noted in the recent rate case.

Mensen noted this is different work. Work on grid modernization is working towards self-healing improvements and modernization of the grid system.

*Hadley asked about the pending fiber installations. Is that part of modernization?
Scott Drzycimski noted it is related to modernization and security improvements.*

*Carlson asked about whether burying lines was part of inspections and improvements.
Mensen noted it is a part of providing better service and is part of Alliant's current standard of providing service.*

Julie stated going underground is a strong part of providing safety also.

*Carlson asked about the price point when going underground would be cost prohibitive.
Mensen said cost is always a factor, as is vegetation, especially in Decorah as folks are sensitive about trees.*

*Neal asked about "normal" situations to move and move back certain utilities.
Mensen noted Alliant will look to move something once and not move it back and forth. They work with the City on relocating infrastructure once and be done with the move.*

Please provide an itemized list, with estimated cost, of all IPL's planned infrastructure investments in the Decorah area distribution grid for the next 5 years.

There was little conversation regarding this topic as much of the issue had been covered in other discussion.

In the IUB May 2 Customer Comment meeting here in Decorah, you promised the community an updated version of your 2018 feasibility study. We understand such an update was provided to the IUB during the 2019 rate case, but important parts – including valuation assumptions and rates – were filed confidentially. Why have you not presented the full updated study with the Decorah community and this Council?

Mensen reported the 2019 report was prepared with proposed rates and does not reflect final approved rates from the IUB.

Mensen noted he had sent information to the city in August 2019. Some of the information is confidential.

Scott noted Alliant is waiting on a piece called the tax benefit rider to make other final determinations this can influence what information is in a report and portions that are confidential.

Neal asked about whether some of the confidential information included the inventory and inventory devaluation information, including asset value etc? Would Alliant be willing to share some of the inventory and asset information to the City?

What were the differences between the 2018 study and the 2019 IUB rate case information?

Mensen noted he was not around in 2018 and noted rate information is confidential.

Neal stated her concern is an issue of trust and noted an agreement is a matter of trust. Believes trust was violated during the last rate case.

Scott noted that applying for a rate case is a moving target based on previous accounting records, year-end, and other extenuating circumstances.

Neal commented on modeling and noted it didn't appear Alliant's modeling proper rates over a period of time in their study.

Neal wants the "opt" out language she had proposed previously. If the Iowa Utilities Board were to determine it is in the rate payers' best interests to be served by another provide, would Alliant vacate the current franchise agreement?

Mensen stated he is not able to agree to that language because it doesn't provide Alliant the ability to recover costs for major relocations.

Neal doesn't understand how this is a risk. It is only an opt out if another provider is identified and granted by the IUB.

Mayor Borowski asked if this had been asked previously? She thought it had and Alliant answered they would not entertain this option.

Mensen noted this had been discussed in previous conversations and he was not open to negotiating this phrasing and condition. He added Alliant is the best provider for the territory and have been for better than 100 years.

Mayor Borowski asked how one balances both sides of a negotiation?

Mensen noted Alliant has given a lot in these negotiations and stated the discussions started at 15 years which is a short agreement for Alliant. They have a 15-year agreement in only two other communities.

Mayor Borowski noted the potential revenue available with an agreement in place.

Neal stated she just wants to make sure such an agreement is in the resident's best interests and she is not sure this deal is. She feels the existing tariff is a strongarm tactic.

Will Alliant pay for lighting on Locust Rd if we have a franchise agreement in place along with the utility trench.

Hadley asked this question.

Mensen noted under street light tariff, Alliant would install lights and charge a rent / electric costs. It depends on what style and number of lights are chosen.

Schissel stated the agreement is fair and the city has worked well with Alliant over the years. Is concerned about the fees. Not sure this is the time to implement a franchise fee.

Luse asked about why Alliant is agreeable to the 5, 7, 12 windows if they are concerned about recovering costs due to relocations.

Mensen those were the windows presented, part of negotiating made that possible.

There was no other business and the meeting adjourned at 4:28pm.

Respectfully submitted,



Water, Sewer, Public Lights and Utilities - *Carlson, Luse, Bergan, Schissel

Reviews plans and projects related to the sanitary sewer system, public water system, storm water utility, street and parking lighting, solid waste collection, and recycling. Reviews budgets, rates, and growth demands. Plans future growth and development of the systems and determines policy.