

Alliant official: Wind energy is not cheaper

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By Joe Benedict/MVM News Network

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FORT MADISON -- On the day President Obama stopped at Siemens and touted advancements in wind energy, a hard truth came to light on the other side of town. Wind energy is not cheaper. At least that is what Tom Aller of Alliant Energy/Interstate Power and Light told a crowd at St. Mary's Parish Center in Fort Madison.

The Iowa Utilities Board held a meeting for the public to ask questions and discuss a proposed 11.7 percent increase in electric rates.

Aller said the fuel component costs less on a wind farm because wind is free.

The company's new wind farm, however, cost the company \$500 million and the wind turbines are far less efficient than coal burning electric plants. He said turbines have about a 30 percent efficiency whereas coal plants operate at 90 percent efficiency.

The rate increase request was filed March 10 and seeks to increase revenue by \$163 million.

The Iowa Utilities Board is holding public meetings across the state. Then Alliant and the Office of Consumer Advocacy, out of the Iowa Attorney General's Office, will present their cases to the utilities board with a final decision on the rate increase to come in January.

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Until then, Alliant gets to increase its rates by 10 percent. If the utility board decides to deny a rate increase or give less than a 10 percent increase, money will be refunded to customers.

There were plenty of area residents who spoke against a rate increase. There were none who said it was a good idea. John McLain said he was in the utility business for 28 years. He questioned Alliant's thinking when it sold the only operating nuclear power plant in Iowa. He said that was a cheap form of energy it just disposed of. He also basically questioned why the meeting was being held.

"I was involved in these meetings. We would go around the state for a year. Then we ignored all comments and went ahead with the rate increases," he said.

John Marek, mayor of Mount Union in Henry County, said his town would suffer greatly by this increase. One concern is keeping street lights on. Aller said the company is not going to increase rates for street lights or security lights on farms.

Marek said 80 percent of Mount Union's population is on fixed income and it is just too much.

Bill Green noted that some seniors get Social Security or small pensions that don't get raises, but the electric company continues to seek rate increases. He said the company hasn't used good judgment in investing \$1 billion on the backs of its customers when those customers have no say in the matter.

Steve Marberry of Mount Pleasant as well as Marek are disabled veterans. Marberry said increases in their income the last few years hasn't been much.

"This will really put a burden on us," he said.

He also was concerned that Alliant doesn't have to justify investments. It just has to show money was spent and then pass that onto customers.

Aller said that isn't totally true. The company and investors spend the money up

front for things like wind farms, then when it is operational, the company recoups money over the next few decades through rate increases.

Marberry said Iowa needs publicly-owned non-profit electric companies similar to Nebraska.

Aller said that would be something the state Legislature would have to decide.

Aller said the company sold the nuclear plant to get out from under the liability of it. They now buy the power the plant produces from the purchaser. Another theme of the day was the fact that Mid-American Energy sells its electricity for three cents per kilowatt hour cheaper than Alliant.

Aller said there are several reasons for that, including how close their plants are to fuel sources and a deal struck with the state for a rate freeze. The company website says it won't have to raise rates until 2014 and has built wind farms with no rate increases to customers.

Ron Polle with the Office of Consumer Advocacy said Alliant is short on energy and has to buy it on the market because it sold its nuclear power plant. The plant was almost paid for and it would have been a very cheap source of electricity. It has to pay the market rate for that electricity instead of generating it itself.

He also said Alliant sold its transmission access. Polle said Alliant told the utility board at the time it would cost customers about 60 cents per month.

"It now costs millions and millions of dollars," Polle said. "There's a \$40 million increase in this rate request."

He said Mid-American owns everything from generation on down to transmission so it has lower costs. An audience member asked if Polle's department had been involved with the decision to let Alliant sell these things. Polle said yes and his office lost the cases.

Another person asked if the area could switch to Mid-American Energy. Polle said that would be very difficult.


Aller closed the meeting by saying Alliant isn't just out to represent its shareholders.

"We can only be successful if our customers are satisfied," he said. "We can assure you our employees are as equally concerned about our customers' views."

He said he knows their rates are higher, but he is proud the company has invested in cleaner energy like wind farms and scrubbers for coal plants. But at the same time, the company was forced to do some of it by the government.

"You have to understand if we as a society decide to replace the cheapest fuel source with a higher cost fuel source, costs are going to go up," Aller said.

The Iowa Utilities Board will continue to take comments on the rate increase. Residents can contact the board by calling toll free at 1-877-565-4450, through e-mail at iubcustomer@iub.state.ia.us or by mail at Customer Service, Iowa Utilities Board, 350 Maple St. Des Moines, IA 50319-0069.

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