



Understanding municipalization

Municipalization – What is it?

Municipalization is defined as the transfer of private entities, assets, service providers, or corporations to public ownership by a municipality, including (but not limited to) a city, county or public utility district ownership. The term municipalization largely refers to the transfer of ownership of utilities from Investor-Owned Utilities (IOUs) to public ownership, and operation, by local government whether that be at the city, county or state level.

Who is responsible for paying the costs associated with shifting to a municipal utility?

Local residents and businesses – the taxpayers in Decorah.

What is the municipalization process in Iowa?

- If the local government unit (LGU) chooses to pursue owning the electric system within their jurisdiction, the LGU:
 - Must approve placing the item on a ballot for the community to vote
 - Evaluates conducting a preliminary feasibility study
- Referendum election is scheduled
 - If voters approve, the LGU can immediately move forward with the multi-year process (no additional votes are required)
- Municipality funds additional feasibility studies, attorney fees and all exploratory-related expenses
- A petition is filed with the Iowa Utilities Commission (IUC) who then:
 - Schedules hearing dates
 - Hears testimony from expert witnesses
 - Reviews feasibility studies, related data and other analysis
 - Deliberates and issues an order based on the whether they deem municipalization is in the public interest
- Both parties have the right to appeal the IUCs decision to secure a final decision

How much would it cost the city to purchase and operate Alliant Energy's system?

According to a 2018 Feasibility Study, Municipal Electric Utility (MEU) rates could be as much as 48% higher than Alliant Energy's rates over a 20-year forecast. This adds up to savings of up to \$58 million for keeping Alliant Energy as the electric company in Decorah. The exact costs, to be determined through a newly conducted feasibility study, would include:

- Purchasing Alliant Energy's entire system (e.g., poles, wires, transformers and substations)
- Paying to reconnect Alliant Energy's entire system outside of the city limits
- Financing all costs associated with feasibility studies, legal proceedings and finding a new base power supply
- Taking on the costs and risks of owning, operating and maintaining the electric system
- Incurring the costs to fully operate the system and generate enough energy to supply power to Decorah 24 hours a day, 7 days a week

How successful are municipalization efforts?

- 1974: The last successful electric municipal utility created in Iowa was in Aurelia
- Since 1990, six communities in Iowa filed petitions with the IUC to create Municipal Electric Utilities
 - 2015: Marion withdrew their petition to pursue municipalization
 - 2008: Everly, Kalona, Rolfe, Terril and Wellman petitions were declined by the IUC*; Titonka withdrew their petition due to financial considerations
 - 1990: Sheldon's petition was declined by IUC
 - 2020: Traer acquired the natural gas system – after a 13-year proceeding in Iowa District Court; the final cost was twice as much as what was shared and approved by voters

* The IUC denied the requests for municipalization due to a "wide range of cost factors, retail service access and reliability, electric rate forecasts, purchase power costs, potential transmission impacts, and operation and maintenance expenses for new utilities."

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Do city-owned MEUs change their minds on being the owner-operator of the local electric or gas provider?

Yes, there are many examples of cities choosing to exit being a local MEU. In fact, the city of Waukee, Iowa is holding a Special Election on March 4, 2025 and is asking voters if the city should consider selling its gas utility to a private party. On its web page [waukee.org/1190/15234/2025-Special-Election], the city cites several reasons including “the cost of natural gas services in Waukee compared to neighboring communities.” They also state, “Council members have also discussed risks associated with managing a municipal utility, particularly in the context of Waukee’s rapid growth. After extensive review of the long-term viability of the utility, its financial impact on the City and the broader implications for our community, the Waukee City Council determined it is time for voters to decide the future of the utility.”

How are rates adjusted under Alliant Energy and how would they be adjusted under a municipal utility?

Alliant Energy invests hundreds of millions of dollars every year to continue improving reliability, protecting the grid, and expanding renewable energy. When those investments are made and adjustments to rates are necessary, a year-long transparent process gets underway. It starts with a filing with the Iowa Utilities Commission (IUC) and is followed by notifying customers, meeting with stakeholders and hosting public meetings. There’s public testimony and stringent review to determine fairness before the IUC issues an order stating the approved rates Alliant Energy can charge.

Unlike the process Alliant Energy and other investor-owned utilities in the state must follow, **municipal utilities can increase rates with limited notice or oversight** – leaving residents and businesses vulnerable to unexpected rate hikes.

How often does Alliant Energy adjust their rates?

Over a 10-year period (2019-2029), Alliant Energy will have raised rates twice based on the substantial investments the company has made to enhance reliability, improve the security of the grid, and deliver a balanced energy mix. According to the IUC’s ruling in 2024, we cannot raise rates again until the end of the decade, ensuring rate stability and predictability for all customers in Iowa.

How does Alliant Energy support community businesses and economic development across Decorah?

Nearly 60% of industrial customers prefer investor-owned utilities like Alliant Energy because we offer many advantages including the reliability and regulatory stability they require. Our rates are rigorously reviewed and approved, giving businesses predictable costs. Municipal utilities can raise rates with limited notice or oversight, which creates uncertainty for businesses. When it comes to relocating, the decision of where to locate elsewhere is based on a number of factors, including local regulations, zoning and the business climate—not solely based on utility rates. For example, in recent years, when Menards was looking to expand in Decorah, their reasons for not selecting the city were included in the decorahnews.com stories: Your Menards questions answered and Decorah is officially out of the running for a proposed Menards store.

Who regulates Alliant Energy’s rates and operations? Who regulates the rates of a municipal utility?

Alliant Energy’s rates and operations are reviewed and approved by the IUC. This ensures transparency and accountability in everything we do. At this time, however, the process municipal utilities must go through is far less stringent than the process Alliant Energy must go through prior to adjusting rates.

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