



Alliant Energy Corporate Services  
Legal Department  
608-458-3318 – Phone  
319-786-4533 – Fax

Michael S. Greiveldinger  
Senior Attorney

March 6, 2014

Dr. Burl Haar, Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

RE: Interstate Power and Light Company  
Docket Nos. E,G001/AI-12-32  
E,G001/AI-12-187  
E,G001/AI-12-192  
E,G001/AI-12-792  
E,G001/AI-12-1157  
E,G001/AI-13-787  
E,G001/PA-13-788

Dear Dr. Haar:

Enclosed for e-Filing in the above referenced docket, please find Interstate Power and Light Company's (IPL) Reply Comments in the above-referenced docket.

Copies of this filing have been served on the Minnesota Department of Commerce, Division of Energy Resources, the Minnesota Office of Attorney General – Residential and Small Business Utilities Division and the attached service list.

Respectfully submitted,

By: /s/ Michael S. Greiveldinger  
Michael S. Greiveldinger  
Senior Attorney

MSG/tao  
Enclosures

Interstate Power and Light Co.  
An Alliant Energy Company

Alliant Tower  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52406-0351

Office: 1.800.822.4348  
www.alliantenergy.com

**STATE OF MINNESOTA**

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**Beverly Jones Heydinger  
David C. Boyd  
Nancy Lange  
Dan Lipschultz  
Betsy Wergin**

**Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner**

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**In the Matter of Interstate Power and Light Company's Petition for Approval of a Common Facilities Capacity Agreement with its Affiliate Franklin County Wind, LLC**

**DOCKET NO. E,G-001/AI-12-32**

**In the Matter of Interstate Power and Light Company's Petition for Approval of a Land Lease Agreement with its Affiliate, Franklin County Wind, LLC**

**DOCKET NO. E,G-001/AI-12-187**

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**In the Matter of Interstate Power and Light Company – Electric & Gas Petition for Approval of an Affiliated Interest Agreement Between Interstate Power & Light Company and Franklin County Wind, LLC**

**DOCKET NO. E,G-001/AI-12-1157**

**In the Matter of Interstate Power & Light Company – Electric & Gas – Approval of an Affiliated Interest Agreement between IPL and Franklin County Wind, LLC**

**DOCKET NO. E,G-001/AI-13-787**

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<b>In the Matter of Interstate Power &amp; Light Company – Electric – Approval of Transfer of Land Easements, Wind Rights, and Rights to Purchase Wind Turbines, to its Affiliate Franklin County Wind, LLC</b>	<b>DOCKET NO. E001/PA-13-788</b>
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**AFFIDAVIT OF SERVICE**

STATE OF IOWA            )  
  ) ss.  
COUNTY OF LINN        )

Tonya A. O'Rourke, being first duly sworn on oath, deposes and states:

That on the 6<sup>th</sup> day of March, 2014, copies of the foregoing Affidavit of Service, together with Interstate Power and Light Company's Reply Comments, were served upon the parties on the attached service list, by e-filing, overnight delivery, electronic mail, facsimile and/or first-class mail, proper postage prepaid from Cedar Rapids, Iowa.

          /s/ Tonya A. O'Rourke            
Tonya A. O'Rourke

Subscribed and Sworn to Before Me  
this 6<sup>th</sup> day of March, 2014.

          /s/ Kathleen J. Faine            
Kathleen J. Faine  
Notary Public  
My Commission Expires on February 20, 2015

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_12-32_Official
Cortlandt C	Choate, Jr.	N/A	Alliant Energy	4902 N Biltmore Ln  Madison, WI 53711	Paper Service	No	OFF_SL_12-32_Official
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service 1400	No	OFF_SL_12-32_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_12-32_Official
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_12-32_Official
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_12-32_Official
Kent	Ragsdale	kentragdale@alliantenergy.com	Alliant Energy-Interstate Power and Light Company	P.O. Box 351 200 First Street, SE Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_12-32_Official
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE  Cedar Rapids, IA 52401	Electronic Service	Yes	OFF_SL_12-32_Official

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Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street  St. Paul, MN 551012134	Electronic Service	No	OFF_SL_12-1157_Official
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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Bobby	Adam	bobby.adam@conagrafoods.com	ConAgra	Suite 5022 11 ConAgra Drive Omaha, NE 68102	Electronic Service	No	OFF_SL_13-787_AI-13-787
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-787_AI-13-787
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_13-787_AI-13-787
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	OFF_SL_13-787_AI-13-787
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	Suite 4800 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	OFF_SL_13-787_AI-13-787
City	Clerk	sschulte@ci.albertlea.org	City of Albert Lea	221 E Clark St  Albert Lea, MN 56007	Paper Service	No	OFF_SL_13-787_AI-13-787
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service	No	OFF_SL_13-787_AI-13-787
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_13-787_AI-13-787
David	Grover	dgrover@itctransco.com	ITC Midwest	444 Cedar St Ste 1020  Saint Paul, MN 55101-2129	Electronic Service	No	OFF_SL_13-787_AI-13-787
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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Annete	Henkel	mui@mutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St. Paul, MN 55101	Electronic Service	No	OFF_SL_13-787_AI-13-787
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street  St. Paul, MN 551012134	Electronic Service	No	OFF_SL_13-787_AI-13-787
Jim	Krueger	jkrueger@fmcs.coop	Freeborn-Mower Cooperative Services	Box 611  Albert Lea, MN 56007	Electronic Service	No	OFF_SL_13-787_AI-13-787
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_13-787_AI-13-787
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd  Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_13-787_AI-13-787
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_13-787_AI-13-787
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_13-787_AI-13-787
Carl	Nelson	cnelson@mncee.org	Center for Energy and Environment	212 3rd Ave N Ste 560  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_13-787_AI-13-787
Steven	Nyhus	swnyhus@flaherty-hood.com	Flaherty & Hood PA	525 Park St Ste 470  Saint Paul, MN 55103	Electronic Service	No	OFF_SL_13-787_AI-13-787
Kent	Ragsdale	kentagsdale@alliantenergy.com	Alliant Energy-Interstate Power and Light Company	P.O. Box 351 200 First Street, SE Cedar Rapids, IA 524060351	Electronic Service	Yes	OFF_SL_13-787_AI-13-787

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Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750  St. Paul, MN 55101	Electronic Service	No	OFF_SL_13-787_AI-13-787
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	12 S 6th St Ste 1137  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-787_AI-13-787
Matthew J.	Schuerger P.E.	mjsreg@earthlink.net	Energy Systems Consulting Services, LLC	PO Box 16129  St. Paul, MN 55116	Electronic Service	No	OFF_SL_13-787_AI-13-787
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_13-787_AI-13-787
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE  Cedar Rapids, IA 52401	Electronic Service	No	OFF_SL_13-787_AI-13-787

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STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
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Chair  
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**INTERSTATE POWER AND LIGHT COMPANY'S  
REPLY COMMENTS**

**COMES NOW**, Interstate Power and Light Company (“IPL” or the “Company”), and hereby submits its Reply Comments to the Comments of the Minnesota Department of Commerce, Division of Energy Resources (“Department”), issued February 3, 2014.

**I. REPLY COMMENTS**

IPL files its Reply Comments to address the Department’s comments addressing certain agreements between IPL and Franklin County Wind, LLC (“FCW”), a non-utility affiliate of IPL. The Department provided comments on the following agreements between IPL and FCW:

- The Wind Development Assets Purchase and Sale Agreement, Docket No. E,G-001/AI-12-792 (12-792);
- The Common Facilities Capacity Agreement, Docket No. E,G001/AI-12-32 (12-32);
- The Laydown Area Land Lease Agreement (“Land Lease”), Docket No. E,G001/AI-12-187 (12-187);
- Local Balancing Authority Agreement, Docket No. E,G001/AI-12-192 (12-192);
- Services Agreement, Docket No. E,G001/AI-12-1157 (12-1157).

In regards to IPL’s Wind Development Assets Purchase and Sale Agreement, Common Facilities Capacity Agreement, the Local Balancing Authority Agreement, and Services Agreement, each with FCW, the Department concluded



that the respective agreement was reasonable and consistent with (or not contrary to) the public interest, and recommended that the Minnesota Public Utilities Commission (“Commission”) approve those respective agreements. (See Department Comments at 10, 12, 15, & 16.) IPL agrees with the Department’s conclusions and recommendations regarding those four agreements.

In its Comments, the Department expressed concerns about the Land Lease Agreement between IPL and FCW for the laydown area. In regards to the rental payments under the Land Lease Agreement, the Department concluded that, while “under normal circumstances IPL’s proposed 10 percent rule to determine rental payments may be reasonable,” that “in this case, IPL’s regulated operations end up paying a much higher price to use a laydown area than IPL’s non-regulated operations.” (Department Comments at 13.) The Department also noted that the rental options and resale value of the land are limited, and commented that “it appears highly unlikely that IPL will ever fully recover its investment in this property.”

The Department recommended that the Commission deny IPL’s Land Lease Agreement with FCW. (Department Comments at 13 & 16.) Instead, the Department recommended that:

... the Commission require IPL and FCW to share equally in the costs necessary to purchase, develop, and maintain the land used as a laydown area for the development of IPL’s regulated wind farm WWE and FCW’s non-regulated wind farm FCWF. In addition, the [Department recommended] that IPL and FCW share equally in any future rental income and/or gains or losses associated with this land in the event that it is ever leased or sold.

(Department Comments at 13.) The Department’s recommendation was based, at least in part, on “the limited use of this land and the apparent lack of response to

IPL's offers to sell or lease this land to others.”

Additionally, the Department requested that IPL indicate in reply comments the effect, if any, its recommendation may have on the basis of the rate imposed under IPL's renewable energy rider in Docket No. E001/M-10-312. IPL estimates that the effect of excluding \$491,932 from rate base (which is 50 percent of the land and improvements) would reduce the levelized rate to \$56.33 per MWh from the \$56.40 per MWh that was approved by the Commission in Docket No. E001/M-10-312.

IPL disagrees with the Department's conclusion regarding the Land Lease Agreement. The Land Lease Agreement is reasonable and in the public interest. As explained in IPL's petition in 12-187:

The vacant property in question is located in an Agricultural Zoned District and therefore the need for a graveled parking lot is virtually non-existent. FCW Project is the first opportunity for the vacant property to be utilized since the construction of [Whispering Willow Windfarm-East (“WWE”)]. Without use by [Franklin County Windfarm], the land would continue to sit vacant and not generate revenue.

(Petition, Docket No. 12-187, at 7.) Neither the limited land uses nor the lack of acceptable sale or lease offers is an appropriate basis to conclude that FCW should bear half of the cost to purchase, develop, and maintain the land. The land and the improvements to the land were needed for the construction of WWE. The Land Lease Agreement enabled part of the investment to be offset by the rental payments from IPL instead of the land remaining unproductive.

Notwithstanding (and without waiving) the foregoing arguments, IPL proposes the following alternative. IPL will commit, for the purposes of ratemaking within IPL's Minnesota territory, to reduce the rate base value of the laydown land

by \$324,675 to \$659,189 (total Company), which equates to a reduction in the Minnesota rate base of \$19,481 to \$39,551. IPL proposes using this one-third reduction, in lieu of the Department's recommended equal sharing, to reflect the relative sizes of WWE (121 turbines) and FCW (60 turbines).

Imputing this reduction in the rate base value of the laydown land would have a similar effect as FCW sharing in the investments in the land, while not necessitating that FCW and IPL enter into an additional transaction to effectuate the cost sharing. Additionally, this method will enable IPL to maintain full control of the land.

**WHEREFORE**, IPL respectfully requests the Commission give IPL's reply comments due consideration and approve the affiliated interest agreements regarding FCW.

Dated this 6<sup>th</sup> day of March, 2014.

Respectfully submitted,

Interstate Power and Light Company

*/s/ Michael S. Greiveldinger*

Michael S. Greiveldinger

Senior Attorney

Alliant Energy Corporate Services

4902 North Biltmore Lane

Madison, Wisconsin 53718-2148

608.458.3318