

June 30, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E,G001/AI-14-350

Dear Dr. Haar:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Interstate Power and Light Company's (IPL) petition for approval of a modification to agreements with affiliates related to the sale of accounts receivable.

The Petition was filed on April 29, 2014 by:

Robyn Woeste
Regulatory Relations Manager
Interstate Power and Light Company
200 First Street SE
P.O. Box 351
Cedar Rapids, Iowa 52406-0351

The Department recommends **approval** and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ MICHELLE ST. PIERRE
Financial Analyst

MS/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E,G001/AI-14-350

I. SUMMARY OF IPL'S PROPOSAL

Pursuant to Minn. Stat. §216B.48 (Relations with Affiliated Interest) and Minn. Rule 7825.2200 (Utilities With Affiliated Interests; Filing), on April 29, 2014, Interstate Power and Light Company (IPL or the Company) filed a Petition for approval from the Minnesota Public Utilities Commission (Commission) of the extension of and modification to IPL's Receivable Sales Program (Amendment No. 3¹) which includes multiple contracts with its affiliates (IPL, AEC,² AECS,³ Alliant SPE⁴ and IPL SPE LLC⁵ (collectively Alliant Energy Companies)) and non-affiliates (BTMU⁶ (Agent) and Victory⁷ (Investor)). IPL requests that the Commission approve the amendments and modifications with an effective date of March 31, 2014.⁸

II. DEPARTMENT ANALYSIS

A. ANALYSIS OF THE AGREEMENT

1. Contract Modification

In its *Overview of the Modifications*, IPL described the amendments to the Receivables Purchase and Sale Agreement as they pertain to Minnesota as follows:

¹ Amendment 3 dated March 31, 2014 is shown in IPL's Exhibit 1.

² Alliant Energy Corporation.

³ Alliant Energy Corporate Services, Inc.

⁴ Special Purpose Entity.

⁵ Limited Liability Corporation.

⁶ The Bank of Tokyo-Mitsubishi UFJ LTD., Chicago Branch (BTMU-Chicago).

⁷ Victory Receivables Corporation.

⁸ Filing, page 16.

Amendment No. 3 to the Amended and Restated Receivables Purchase and Sale Agreement became effective on March 31, 2014, and has the effect of extending the term of the Receivable Sales Program until March 31, 2016, with an option to request an extension of the agreement 1 year on each anniversary date. Amendment No. 3 also provided IPL with a process to exclude IPL's Minnesota accounts from the program, in light of the proposed sale of IPL's Minnesota distribution assets.⁹

a. Extension of the Agreement

The Commission last approved the modified agreements dated April 1, 2010 in its August 12, 2011, *Findings of Fact, Conclusions and Order* in Docket No. E001/GR-10-276 (2011 Order) and the Receivable Sales Program was extended until March 31, 2012.¹⁰ In Amendment No. 2 dated March 29, 2012,¹¹ the program was further modified and extended by the parties to the Agreements until March 31, 2014.¹²

IPL requested that the extension and modification of the Receivable Sales Program (Amendment No. 3) be effective March 31, 2014 through March 31, 2016.¹³ IPL stated that “[t]hat extension is the focus of this petition and for which IPL seeks approval.”¹⁴

IPL noted that, consistent with the Commission's August 2011 Order, IPL has not been recovering any costs related to the Receivable Sales Program from its Minnesota customers.¹⁵ Further, IPL stated:

The Commission's August 12, 2011, Order in Docket No. E-001/GR-10-276 provides that ‘the Company shall not recover any costs related to the accounts receivable sales program until it has demonstrated explicit, quantifiable net benefits for Minnesota customers.’ IPL reserves the right to present an analysis showing a quantifiable net benefit for Minnesota customers in a future rate case. In the interim, IPL proposes to continue the Receivable Sales

⁹ Filing, page 7. The electric and gas distribution asset sales are discussed in Docket Nos. E-001, E-115, E-140, E-105, E-139, E-124, E-126, E-145, E-132, E-114, E-6521, E-142, E-135/PA-14-322 and G001, G011/PA-14-107.

¹⁰ Filing, pages 4 and 6.

¹¹ Amendment 2 is shown in IPL's Exhibit 2.

¹² Filing, pages 4-5. The Company stated that it recently recognized that it did not file that extension with the Commission at that time and, if and to the extent required, seeks retroactive approval of that extension as part of this petition.

¹³ Filing, page 5.

¹⁴ *Id.*

¹⁵ *Id.*

Program without recovering costs related to the program from its Minnesota customers.¹⁶

Since the Commission approved the Receivable Sales Program as part of the Commission's 2011 Order without cost recovery and IPL is not requesting cost recovery at this time, the Department concludes that approval of the extension of the Receivable Sales Program is reasonable.

b. Process to Exclude IPL's Minnesota Accounts from the Program

IPL stated that "Amendment No. 3 provided IPL with a process to exclude IPL's Minnesota accounts from the program, in light of the proposed sale of IPL's Minnesota distribution assets. That amendment is provided as Exhibit 1."¹⁷ No further description or explanation of this process was provided in the filing. In Exhibit 1, the Department found at least three Sections of the agreement that were amended to exclude IPL's Minnesota accounts from the program.¹⁸ Section 1 (b) states that Section 1.01 of the Agreement is amended by adding the following new definition in its appropriate alphabetical order:

"Excluded Receivable" means any indebtedness arising from a sale of the Minnesota electric and natural gas distribution assets (as described [in] the Parent's annual report filed with the Securities and Exchange Commission on February 25, 2014) of the Originator (including the right to payment of any interest or finance charges and other obligations with respect thereto) on and after such date (if any) as shall be identified in a written notice delivered by the Originator to IPL SPE, with a copy to the Seller and the Agent, at least ten (10) days prior to such date; provided, that (i) such date identified in such notice shall be the first day of a calendar month and (ii) no such notice may be delivered at any time that a Designated Event or an Event of Termination exists (including, without limitation, as a result of the Percentage Factor being greater than 100% at such time).

Section 8 of the Agreement was also amended as follows:

Acknowledgement and Agreement. Each of the Originator and IPL SPE hereby acknowledges the new defined term of "Excluded Receivable" and the amendment to the defined term "Receivables" contained herein, and agrees and acknowledges that no Excluded

¹⁶ Filing, page 13.

¹⁷ Filing, page 7.

¹⁸ The remaining modifications to the agreement appear to be definitional.

Receivables shall be included in the Pool Receivables sold under the Originator Agreement of the NewCo Agreement.

Additionally, Section 9 of the Agreement was amended as follows:

Consent to Minnesota Distribution Assets Sale. Each of the Seller, BTMUNY, as the Bank and as Agent, Victory Receivables Corporation, as the Investor, and IPL SPE LLC hereby consent to the sale by the Originator of its Minnesota electric and natural gas distribution assets, as described [in] the Parent's annual report filed with the Securities and Exchange Commission on February 25, 2014, after the date hereof as long as no Designated Event or Event of Termination exists at such time or would result therefrom (including, without limitation, as a result of the Percentage Factor being greater than 100%).

The Department concludes that it is appropriate to exclude IPL's Minnesota accounts from the program in light of the proposed sale of IPL's Minnesota electric and gas distribution assets.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the amendments and modifications to the Accounts Receivable Sales Program with an effective date of March 31, 2014 through March 31, 2016.

/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E,G001/AI-14-350

Dated this 30th day of June 2014

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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