Commission Decision Outline

November 6, 2014

Docket No. G001,G011/PA-14-107

In the Matter of a Request for Approval of the Asset Purchase and Sale Agreement Between Interstate Power and Light Company and Minnesota Energy Resource Corporation

Some Commission options are:

A. Consistent with the Public Interest

1. Find that the proposed transaction is consistent with the public interest and approve the petition.

2. Find that the proposed transaction is not consistent with the public interest and deny the petition.

3. Find that the proposed transaction is not consistent with the public interest without some conditions and clarifications and approve the petition subject to the conditions the Commission deems appropriate.

4. Determine that the docket should be referred to the Office of Administrative Hearing for further record development.

B. Rates for IPL's Gas Customers

5. Determine that rates for current IPL gas customers should be maintained until a rate case is filed authorizing a change in rates.

6. Determine that, upon completion of the Transaction, current IPL gas customers should be transitioned to MERC's tariffs.

7. Determine that current IPL gas customers' rates should be transitioned to MERC's rates over a longer period, such as 3 or 5 years.

7a. If current IPL customers are not transitioned to MERC's tariffs, clarify that, until the final decision in MERC's next rate case, the $494,017 per year in IPL's rates for Former Manufactured Gas Plant costs shall be tracked and directed to the payoff of the FMGP costs at the Austin site.

7b. Require MERC to continue to maintain a separate PGA for IPL's ratepayers until MERC's next rate case, and require MERC to, at that time, reconcile the two fuel supply systems into one.

C. Separate Rate Design

8. Direct MERC to separately identify the costs associated with setting rates between IPL's former customers and MERC's current customers for at least five years;

9. Determine that there is not a need to separately identify the costs associated with setting rates between IPL's former customers and MERC's current customers.

D. Former Manufactured Gas Plants

10. Find that it is appropriate to maintain IPL's current obligation to remediate contaminated manufactured gas plants located in Minnesota and deny the Petitioners' request to transfer the obligation to MERC;

11. Find that the First Amendment to the Asset Purchase and Sale Agreement appropriately addresses former manufactured gas plant (FMGP) issues, and allow costs paid by IPL to be transferred to MERC and be set up as a regulatory asset.

12. Find that the FMGP amount to be transferred to MERC is approximately $2.6 million, representing previously incurred and unrecovered FMGP costs at the Austin site.

12a. Clarify that MERC is assuming responsibility for additional costs at the Austin site only, and not any other sites.

13. Find that the FMGP amount to be transferred to MERC, and future FMGP costs incurred at the Austin site, is subject to prudency review during MERC's next rate case and any disallowance resulting from such review will be deducted from IPL's Promissory Note.

E. Deferred Taxes

14. Incorporate the level of deferred taxes currently reflected in IPL's Minnesota jurisdictional reports into the rates for former IPL customers by amortizing it over a period of five years.

15. Determine that the proposed transaction appropriately accounts for deferred taxes.

F. Public Hearings

16. Require public hearings in IPL's service territory to allow ratepayers to meaningfully participate in the process.

17. Take no action.

G. Additional Requirements

18. Require MERC to file copies of any communications it has with the legacy IPL customers through the end of MERC's next rate case.