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Samantha C. Norris Senior Attorney

January 28, 2016

Mr. Daniel P. Wolf, Executive Secretary Minnesota Public Utilities Commission 121 7th Place East, Suite 350 St. Paul, MN 55101-2147

RE: Interstate Power and Light Company Docket No. E001/AA-16-____ Petition for Approval of a Variance to Certain Minnesota Public Utilities Commission Rules and Orders Governing Annual Electric Automatic Adjustment Reports

Dear Mr. Wolf:

Enclosed for eFiling with the Minnesota Public Utilities Commission please find Interstate Power and Light Company's Petition for Approval of a Variance to Certain Minnesota Public Utilities Commission Rules and Orders Governing Annual Electric Automatic Adjustment Reports, 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,

<u>/s/ Samantha C. Norris</u> Samantha C. Norris Senior Attorney

SCN/tab Enclosures

cc: Service List

Interstate Power and Light Company 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 Nancy Lange Dan Lipschultz John A. Tuma Betsy Wergin Chair Commissioner Commissioner Commissioner Commissioner

IN THE MATTER OF INTERSTATE POWER AND LIGHT COMPANY'S PETITION FOR VARIANCE TO CERTAIN COMMISSION DO RULES AND ORDERS GOVERNING ANNUAL ELECTRIC AUTOMATIC ADJUSTMENT REPORTS	OOCKET NO. E001/AA-16
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AFFIDAVIT OF SERVICE

STATE OF IOWA

COUNTY OF LINN

Tonya A. Bender, being first duly sworn on oath, deposes and states:

) ss.

That on the 28th day of January, 2016, copies of the foregoing Affidavit of Service, together with Interstate Power and Light Company's Petition for Approval of a Variance to Certain Minnesota Public Utilities Commission Rules and Orders Governing Annual Electric Automatic Adjustment Reports were served upon the parties on the attached service list, by e-filing, overnight delivery, electronic mail, and/or first-class mail, proper postage prepaid from Cedar Rapids, Iowa.

<u>/s/ Tonya A. Bender</u> Tonya A. Bender

Subscribed and Sworn to Before Me this 28^h day of January, 2016.

/s/ Beverly A. Petska

Beverly A. Petska Notary Public My Commission expires on November 12, 2017

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.m n.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	GEN_SL_Interstate Power and Light Company_Interstate Power and Light Company General Service List
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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Ron	Spangler, Jr.	rlspangler@otpco.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service		GEN_SL_Interstate Power and Light Company_Interstate Power and Light Company General Service List
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STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger Nancy Lange Dan Lipshultz John A. Tuma Betsy Wergin Chair Commissioner Commissioner Commissioner

IN THE MATTER OF INTERSTATE POWER AND LIGHT COMPANY'S PETITION FOR VARIANCE TO CERTAIN COMMISSION RULES AND ORDERS GOVERNING ANNUAL ELECTRIC	DOCKET NO. E001/AA-16
GOVERNING ANNUAL ELECTRIC AUTOMATIC ADJUSTMENT REPORTS	

SUMMARY OF FILING

Please take notice that on January 28, 2016, Interstate Power and Light Company filed with the Minnesota Public Utilities Commission this Petition for Approval of a Variance to Specific Commission Rules and Orders Governing the Annual Electric Automatic Adjustment Reports for its electric utility operation in compliance with Minn. Rules 7825.2800 to 7825.2840 regarding Electric Automatic Adjustment of Charges.

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger Nancy Lange Dan Lipschultz John A. Tuma Betsy Wergin Chair Commissioner Commissioner Commissioner Commissioner

IN THE MATTER OF INTERSTATE POWER AND LIGHT COMPANY'S PETITION FOR VARIANCE TO CERTAIN COMMISSION RULES AND ORDERS GOVERNING ANNUAL ELECTRIC AUTOMATIC ADJUSTMENT REPORTS	DOCKET NO. E001/AA-16

INTERSTATE POWER AND LIGHT COMPANY'S PETITION FOR APPROVAL OF A VARIANCE TO CERTAIN MINNESOTA PUBLIC UTILITIES COMMISSION RULES AND ORDERS GOVERNING ANNUAL ELECTRIC AUTOMATIC ADJUSTMENT REPORTS

COMES NOW, Interstate Power and Light Company (IPL), and respectfully submits to the Minnesota Public Utilities Commission (Commission) this Petition for Approval of a Variance to Specific Commission Rules and Orders Governing the Annual Electric Automatic Adjustment Reports (Petition). IPL requests approval to modify the information it includes in its next annual report covering the period July 1, 2015 through July 31, 2015 due to the recent sale of its electric distribution assets to Southern Minnesota Energy Cooperative (SMEC).

1. SUMMARY OF FILING

Pursuant to Minn. R. 7829.1300, subp. 1, a one-paragraph summary of the filing is included with this Petition.

2. SERVICE

Pursuant to Minn. R. 7829.1300, subp. 2, IPL has filed a copy of this Petition with the Minnesota Department of Commerce, Division of Energy Resources (Department) and the Office of the Attorney General – Antitrust and Utilities Division (OAG). A copy of the Summary of Filing has been served upon IPL's general service list for miscellaneous electric filings.

3. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, IPL provides the following required information:

A. Name, Address, and Telephone Number of Utility:

Interstate Power and Light Company 200 First Street S.E. P.O. Box 351 Cedar Rapids, Iowa 52406-0351 (800) 822-4348

B. Name, Address, and Telephone Number of The Attorney for The Utility:

Samantha C. Norris Alliant Energy Corporate Services, Inc. 200 First Street S.E. P.O. Box 351 Cedar Rapids, Iowa 52406-0351 (319) 786-4236

C. The Date of The Filing and Date Proposed Agreement or Service Change Will Take Effect

This Petition is being filed on January 28, 2016. IPL requests approval of

the proposed variance to certain Minnesota rules and orders as identified in

Section 5 of this Petition, effective immediately upon issuance of the

Commission's Order granting IPL's Petition.

D. Statute Controlling Schedule for Processing the Filing

No statute establishes a schedule for processing this Petition. This Petition is being submitted pursuant to Minn. R. Part 7829.3200. This rule does not establish an explicit time deadline for Commission action. Under Minn. R. 7829.1400, initial comments are due within 30 days of filing, with replies due 10 days thereafter.

E. Signature and Title of the Utility Employee Responsible for the Filing

Anne Lenzen Dir. Regulatory Affairs 200 First Street SE PO Box 351 Cedar Rapids, Iowa 52406-0351 (319) 786-7774

4. DESCRIPTION AND PURPOSE OF FILING

Under Minn. Stat. § 216B.16, subd. 7 and Minn. Rules 7825.2390 through 7825.2920, rate-regulated public gas and electric utilities may adjust their rates between general rate cases to reflect fluctuations in the prices they pay for gas or electricity purchased for delivery to ratepayers, or for fuel purchased to generate electricity for ratepayers. These adjustments are called automatic adjustments, since they normally take effect without prior Commission approval.

The rules require utilities to make detailed filings annually supporting each automatic adjustment. They also require utilities to make comprehensive annual filings by September 1 reporting on all automatic adjustments made during the twelve-month period between July 1 of the previous year and June 30 of the reporting year. On April 15, 2014, IPL and SMEC filed a joint petition for approval of the sale of IPL's Minnesota electric distribution system and assets to SMEC, an electric cooperative association of 12 rural electric cooperatives¹ in Docket No. E-001, 115, 140, 105, 139, 124, 126, 145, 132, 114, 6521, 142, 135/PA-14-322.

On June 8, 2015, the Commission issued an *Order Approving Agreement Subject to Conditions* approving the sale to SMEC. IPL and SMEC closed that transaction on July 31, 2015. Accordingly, IPL is no longer an electric public utility within the State of Minnesota as of that date. As such, in relationship to the sale of its electric assets, IPL is no longer subject to the automatic adjustment rules which apply to public utilities.

5. VARIANCE REQUEST

As noted above, IPL is no longer an electric public utility within the State of Minnesota and is no longer required to file by September 1 an annual automatic adjustment report. Due to the sale, and pursuant to Minn. R. 7829.3200, IPL respectfully requests a variance of specific filing requirements governing IPL's final automatic adjustment report covering the period July 1, 2015 through July 31, 2015².

Specifically, IPL requests a variance of the following rules and orders:

¹ Minnesota Valley Electric Cooperative, of Jordan; Steele-Waseca Cooperative Electric, of Owatonna; People's Energy Cooperative, of Oronoco; Tri-County Electric Cooperative, of Rushford; Freeborn-Mower Cooperative Services, of Albert Lea; BENCO Electric Cooperative, of Mankato; Brown County Rural Electrical Association, of Sleepy Eye; South Central Electric Association, of St. James; Redwood Electric Cooperative, of Clements; Federated Rural Electric Association, of Jackson; Nobles Cooperative Electric, of Worthington; and Sioux Valley Energy, of Colman, South Dakota.

² On August 31, 2015, IPL filed its 2015 Electric Annual Automatic Adjustment Report covering the period July 1, 2014 to June 30, 2015 (see Docket No. E001/AA-15-611).

A. Minn. R. 7825.2820 Independent Auditor's Report

Minn. R. 7825.2820 states that by September 1st of each year, all gas and electric utilities shall submit to the Commission an independent auditor's report evaluating accounting for automatic adjustments for the prior year commencing July 1st and ending June 30th or any other year if requested by the utility and approved by the Commission. The purpose of this rule is to "enable regulated gas and electric utilities to adjust rates to reflect changes in the cost of energy delivered to customers from those costs authorized by the commission in the utility's most recent general rate case." Minn. R. 7825.2390. IPL requests a variance of this requirement.

As IPL is no longer a public utility in Minnesota and will not be requesting any adjustments its rates, there would be no value or use to any information resulting from an auditor's review and report on one month's (July 2015) worth of data. Similarly, providing the report will not meet or further the purpose of the rule. Because there is no use of value for such a report, it is burdensome and unnecessary to require IPL to incur the time and expense of undergoing an auditor's review.

B. 7825.2830 Five-Year Projection of Fuel Costs

Minn. R. 7825.2830 states that by September 1st of each year, electric utilities shall submit to the Commission a five-year projection of fuel costs by energy source by month for the first two years and on an annual basis thereafter. As above, the purpose of this requirement is to "enable regulated gas and electric utilities to adjust rates to reflect changes in the cost of energy delivered to

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customers from those costs authorized by the commission in the utility's most recent general rate case." Minn. R. 7825.2390. IPL requests a variance of this rule.

As IPL is no longer a public utility in Minnesota,, IPL's submission of a five-year projection of its fuel costs is no longer required. In addition, any such information would not be designed to meet the purpose of the rule, which is to allow regulated utilities (which IPL is not) to adjust their rates (which IPL will not do).

C. <u>Docket No. E001/M-05-406</u>, <u>Order Establishing Accounting</u> <u>Treatment for MISO Day 2 Costs</u>, issued December 20, 2006 – <u>Order Points 7A)1 and 3, 7B and 7C</u>

IPL requests a variance of the following December 20, 2006 Order Points:

- 7) Each petitioning utility shall provide to the Department the following additional reporting requirements in their monthly FCA reports and AAA reports:
 - A. Each utility shall file as part of its electric AAA report certain information regarding its plans with respect to acquiring fuel and purchased power:
 - 1) Each utility shall include in its AAA report an overview of its anticipated events and planned actions to address fuel clause costs, and the actions planned by the utility to minimize or lower such costs whenever possible. Each utility shall provide a discussion of tools for managing fuel clause costs including a) plans for use of financial instruments or other mechanisms to hedge the costs of natural gas or other fuels, b) plans to hedge purchased energy costs (either through forward bilateral purchases or financial instruments), including how the utility will plan for and cover fuel and energy risk during planned unit outages; and c) where deemed appropriate, plans for additional optimization of congestion cost hedging through the purchase and/or sale of FTRs in the MISO Day 2 Market.
 - 3) Each utility shall provide and update a list of the network resources that it designates used to serve native load.

- B. To help customers manage their energy costs, each utility shall submit an annual FCA Forecast of the cost per MWh of fuel and purchased power costs for the next 12 months. This FCA Forecast shall include all fuel and energy costs associated with the operation of the utility's system, in addition to projected MISO Day 2 costs and revenues. The FCA Forecast shall identify major changes that impact the stability of the forecast resulting from underlying changes in the utility's cost inputs. The FCA Forecast shall address projected variances in fuel costs and purchased power due to increased volatility in fuel markets. Finally, each utility shall explain the reasons for deviations in the forecasts from actual costs in the previous year.
- C. Each utility shall prepare a summary of its AAA filing stating key factors affecting costs (including Revenue Sufficiency Guarantee costs and Revenue Neutrality Uplift costs) along with the FCA Forecast.

IPL requests a variance from these order points because it is no longer a public utility in the State of Minnesota. IPL's plans to manage fuel costs as a wholesale power provider is within FERC jurisdiction and thus outside the scope of the Commission's automatic adjustment rules. Moreover, in regard to network resources, MISO has transitioned from a monthly resource adequacy construct to an annual construct. The time period Minnesota is requesting information (July 1, 2014 - June 30, 2015 or July 31, 2015) falls largely within the MISO 2014 - 2015 Planning Year (June 1, 2014 to May 31, 2015). Providing 2015-2016 Planning Year data is inappropriate because that Planning Year concludes May 31, 2016, well past the July 2015 stub month. Finally, it would appear this extended time period request is irrelevant as IPL's next Integrated Resource Plan (IRP) will be provided for informational purposes (see Minn Stat. §216B.2422 , Subd. 2), and IPL's 2014 IRP was approved August 7, 2015.

D. Docket No. E001, 015, 002, 017//M-08-528, Order Authorizing Ongoing Use of Fuel Clause Adjustment and Setting Reporting Requirements, issued August 23, 2010 – Order Points 5 through 12

IPL requests a variance of the following August 23, 2010 Order Points:

- 5. The three utilities shall include costs and revenues from their participation in the MISO ancillary services market in future automatic adjustment reports filed under Minn Rules, parts 7825.2390 et seq., including the annual filing required thereunder. They shall include costs/revenues through June 30, 2010 in the 2011 annual filings, which are due September 2010; they shall include costs/revenues beginning July 1, 2010 in the 2012 annual filings, which are due in September 2011.
- 6. The three utilities shall continue to monitor and report all negative benefits (costs) of participation in the MISO ancillary services market and shall work with MISO to ensure that negative benefits occur, if at all, for limited periods of time and with minimal financial impact.
- 7. The three utilities shall base the formatting of their reports on costs and revenues associated with participation in the MISO ancillary services market on the format used by Xcel and Minnesota Power in this docket.
- 8. In their annual summaries on the 12 MISO ancillary service charges the utilities shall use a format similar to that used by Minnesota Power in its Attachment 1 to its February 5, 2010 filing (4th quarter report) and shall work with the Department to develop a format that is acceptable.
- 9. In reporting daily ancillary services market activity and overall net savings created by participation in the ancillary services market, utilities shall use a format similar to that used by Xcel in Attachment A to its February 5, 2010 filing and shall work with the Department to develop a format that is acceptable.
- 10. The utilities' written narratives on the benefits of the ancillary services market and the market's impact on their systems shall be formatted consistent with Xcel's and Minnesota Power's 4th quarter report in this docket.
- 11. The utilities shall file detailed and specific explanations for all Contingency Reserve Deployment Failure and Excess/Deficient Energy Charges incurred, including an explanation as to why they should be recovered and what actions the utility took to minimize these charges.

12. The utilities shall clearly identify and separately list in their automatic adjustment reports all ancillary services market values included in those reports and/or passed through the Fuel Clause Adjustment.

IPL (when it was a public utility in Minnesota) and the other Minnesota public utilities have been submitting MISO ancillary services market cost/benefit analysis pursuant to the Commission's March 17, 2009 Order in Docket No. E999/M-08-528. The MISO ancillary service market began in January, 2009. IPL produced quarterly analyses for Quarters 1 and 2, 2009, and then, like the other Minnesota public utilities, began producing annual analyses concurrent with each company's filing of its annual automatic adjustment fuel cost review filings. Hence, IPL has produced the cost/benefit analyses for six and one-half years. All of those analyses have demonstrated positive economic results for IPL's customers as a result of the MISO ancillary services market. The latest cost/benefit analysis submitted by IPL covered the twelve month period ending June 30, 2015³.

IPL requests a variance of the requirement to perform the cost/benefit analysis for the single month ending July 31, 2015, the only month during the reporting cycle in which IPL was considered a public utility in Minnesota. A single month's information from IPL will not provide a complete consideration of the value of the MISO ancillary service market, particularly when more complete information will continue to be provided by the remaining utilities and when the information would not be relevant to any automatic adjustment request.

³ See Docket No. E001/AA-15-611

E. <u>Docket Nos. E-999/AA-09-961 & E-999/AA-10-884</u>, Order Acting on Electric Utilities' Annual Reports and Requiring Additional Filings, issued April 6, 2012 – Order Point 28

IPL requests a variance of the following April 6, 2012 Order Points:

28. Interstate, Minnesota Power, Otter Tail, and Xcel shall continue to provide a comparison and reconciliation of the MISO accredited value of their generators using MISO accredited UCAP values and integrated resource plan capacity ratings in future AAA filings. This comparison and reconciliation should be prepared in sufficient detail to allow them Department to understand: (a) the impacts of generation resources that are not network deliverable (i.e., not interconnected), and (b) the possible constraints of utilities' systems and the impact of those constraints.

Please see IPL's response to Variance Request D above.

F. <u>Docket No. E-999/AA-11-792</u>, <u>Order Acting on Electric Utilities'</u> Annual Reports, Requiring Refund of Certain Curtailment Costs, and Requiring Additional Filings, issued August 16, 2013 – Order Point 20

IPL requests a variance of the following August 16, 2013 Order Points:

- 20. The Beginning with the fiscal year 2012 AAA filing, to assist the Department with its plans to do a more detailed review of congestion paths, including related costs and revenues in the fiscal year 2012 AAA, the electric utilities shall:
 - a. Provide hourly data on Day-Ahead Locational Marginal Price (LMP)basis, including energy, line losses, and congestion charges for each generation node, each load node, and Minnesota Hub for the current AAA period. The Department requests that utilities send this data to the DOC in Access file format and include a separate reference guide defining all column headers.
 - b. Perform the following analysis based on the above requested data:

- *i.* Identify hours in which congestion costs are incurred between a generation node and load node (path);
- *ii.* Sum the qualifying congestion costs by path (multiplying MW times difference in Marginal congestion costs Mcc for each path); and
- *iii.* Identify the ten paths with the highest amount of congestion costs for the current AAA period.
- c. Include the ten paths identified above and the total of their congestion costs. For each path, also answer the following questions:
 - *i.* What is the Company's Financial Transmission Rights (FTRs) hedging positions and Auction Revenue Rights (ARRs) for these ten paths?
 - *ii.* Identify all FTR revenues, ARR revenues, congestion expenses, and the resulting net congestion cost or revenue for these ten paths.
 - iii. Based on the Company responses to a, b, and c.i. and c.ii., what cost effective improvements could be considered to reduce the congestion amounts for the identified paths?

Similar to the above paragraphs, requiring IPL to provide a single month of congestion paths, including related costs and revenues, would be of limited use, particularly when it would not relate to any automatic adjustment request. As such, IPL requests a variance of this requirement.

6. **REQUIRED VARIANCES**

Minn. R. 7829.3200 allows the Commission to vary Minnesota Rules provided that a three-part test is satisfied. IPL provides the following support for this variance request. Under Minn. R. 7829.3200 the Commission may grant a variance to any of its rules if:

a) Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;

- b) Granting the variance would not adversely affect the public interest; and
- c) Granting the variance would not conflict with standards imposed by law.

IPL provides the following support for this variance request.

(a) Enforcement of the rule would impose an excessive burden upon the applicant or to others affected by the rule.

In the absence of this variance, IPL would be required to provide information for a one-month period that would provide little to no value to stakeholders and would not relate to any past or future automatic adjustment request. Additionally, requiring IPL to make the filings noted in this Petition would cause IPL to expend additional time and expense to gather and analyze information that has little value and no relevance to any future filing. For those reasons, denying the variance and requiring IPL to make the filings listed above, would impose an excessive burden on IPL.

(b) Granting the variance would not adversely affect the public interest.

Granting IPL's requested variance would not adversely affect the public interest. As noted above, the information is of limited scope, would not reveal any trends or issues, and does not relate to any past or future automatic adjustment request. As the information described above has no discernable value, granting the variance would not adversely affect the public interest.

(c) <u>Granting the variance would not conflict with standards imposed by law.</u>

IPL's requested variance would not conflict with the law. The rules and orders are designed to allow public utilities to request automatic adjustments and the utilities' stakeholders and regulators to evaluate those requests. Because IPL is no longer a public utility in Minnesota, the information required by the filings do not relate to any past or future automatic adjustment request, and the information is of no value, as stated earlier, IPL's requested variance is consistent with Commission rules and is not contrary to Minnesota law.

WHEREFORE, IPL respectfully requests that the Commission grant IPL's Petition for Variance to Specific Commission Rules and Orders Governing the Annual Electric Automatic Adjustment Reports.

Dated this 28th day of January 2016.

Respectfully submitted,

INTERSTATE POWER AND LIGHT COMPANY

<u>/s/ Samantha C. Norris</u> Samantha C. Norris Senior Attorney Alliant Energy Corporate Services, Inc. 200 First Street S.E. P.O. Box 351 Cedar Rapids, Iowa 52406-0351 (319) 786-4236 SamanthaNorris@alliantenergy.com