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January 13, 2014

Ms. Joan Conrad, Executive Secretary
Iowa Utilities Board
1375 East Court Avenue, Room 69
Des Moines, IA 50319-0069

**FILED WITH
Executive Secretary
January 13, 2014
IOWA UTILITIES BOARD**

RE: Interstate Power and Light Company
Docket No. RPU-2014-0001
Motion for Approval of Corporate Undertaking and Corporate Undertaking

Dear Secretary Conrad:

Enclosed please find Interstate Power and Light Company's (IPL) Motion for Approval of Corporate Undertaking and Corporate Undertaking, as filed today on EFS.

The Iowa Utilities Board's (Board) January 31, 2013, order in Docket Nos. SPU-2005-0015 and TF-2012-0577 directed IPL to file this Corporate Undertaking by January 13, 2014, in the event IPL files a general rate case proceeding in the first quarter of 2014. (p. 44 of the January 31, 2013, order).

As outlined on page 29 of the January 31, 2013, order, IPL committed to working with the parties to resolve issues related to the new purchase power agreement (PPA) with NextEra Energy Duane Arnold, LLC (NextEra) before the Energy Adjustment Clause (EAC) tariff changes, outlined in Docket No. TF-2012-0577, went into effect. However, there was no guarantee that these negotiations would be successful.

If the parties were unable to reach an agreement to present to the Board for its consideration, IPL committed to removing NextEra PPA capacity costs from base tariff rates in a general rate case in 2014, with a refund obligation that begins the same day as EAC cost recovery for the new NextEra PPA charges (February 22, 2014). IPL would implement no temporary rate increases.

To support its commitment, IPL submitted at the December 17, 2012, hearing in Board Docket Nos. SPU-2005-0015 and TF-2012-0577, a draft Corporate Undertaking IPL identified as IPL Exhibit 1. While discussions still continue, as of this date, IPL and the

Secretary Joan Conrad

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other parties in Docket Nos. SPU-2005-0015 and TF-2012-0577 have not resolved all issues related to the new NextEra PPA. Hence, IPL is currently planning on filing a general rate case proceeding in the first quarter of 2014 and is obligated, by the Board's January 31, 2013, order, to submit this Motion for Approval of Corporate Undertaking and Corporate Undertaking.

Additionally, IPL is also filing a redlined version of the Motion for Approval of Corporate Undertaking and Corporate Undertaking showing the changes to the draft Corporate Undertaking IPL submitted at the December 17, 2012, hearing in Board Docket Nos. SPU-2005-0015 and TF-2012-0577. IPL believes these redlined changes are necessary to reflect the Board's January 31, 2013, order in Docket Nos. SPU-2005-0015 and TF-2012-0577, to correct a mistake that was contained in paragraph 4 (new paragraph 7) on page 3 of the redlined version and to make other clarifications.

Very truly yours,

/s/ Kent M. Ragsdale

Kent M. Ragsdale

Managing Attorney – Regulatory

KMR/kjf

Enclosures

**STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD**

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-2014- <u>0001</u>
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MOTION FOR APPROVAL OF CORPORATE UNDERTAKING

COMES NOW, Interstate Power and Light Company (IPL or “Company”) and requests the Iowa Utilities Board (Board), pursuant to order point 3 of its Order in Docket Nos. SPU-2005-0015 and TF-2012-0577, dated January 31, 2013 (January 31 Order), to issue an Order approving the attached Corporate Undertaking, and in support states as follows:

1. Docket Nos. SPU-2005-0015 and TF-2012-0577 related to an Amendment filed by IPL and NextEra Energy Duane Arnold, LLC (NextEra) to a proposal for reorganization initiated on July 29, 2005, when IPL and FPL Energy Duane Arnold, LLC (FPLE Duane Arnold; will also referred to as NextEra, its successor), filed a joint application for reorganization pursuant to Iowa Code §§ 476.76 and 476.77 and 199 IAC 32 to allow IPL to sell its interest in a nuclear facility, the Duane Arnold Energy Center (DAEC) in Linn County, to NextEra.

2. The January 31 Order accepted the Amendment. Order point 3 of the January 31 Order directed IPL, in the event it filed a general rate case proceeding in the first quarter of 2014, “to file a refund obligation, as it committed to in this proceeding, on or before January 13, 2014, with an effective date for the refund obligation of February 22, 2014.”

3. Consistent with its commitments, offered in Docket Nos. SPU-2005-0015 and TF-2012-0577, as acknowledged in the January 31 Order (page 20), IPL working with the parties in Docket Nos. SPU-2005-0015 and TF-2012-0577 to resolve certain issues prior to February 22, 2014. These issues related to the potential for over-recovery of DAEC capacity costs and the potential cost allocation and rate design changes when DAEC capacity costs are billed to IPL in the form of energy charges. Despite diligent efforts by all, IPL and the parties in Docket Nos. SPU-2005-0015 and TF-2012-0577 were unable to satisfactorily resolve these issues.

4. Consequently, on March 28, 2014, pursuant to Iowa Code § 474.6, if IPL has not reached an agreement with the parties to resolve the outstanding issues, IPL will be filing with the Board a request for a general rate case proceeding regarding its electricity rates. As part of that filing, the Company will not request the Board, under Iowa Code § 476.6(10)(a), to establish new interim rates nor will IPL file a Notice with the Board that IPL is electing to exercise its rights, under Iowa Code § 476.6(10)(b), to implement interim rates on April 7, 2014. Rather IPL will be requesting that its current base electric Iowa retail rates remain in effect until the Board issues a final order establishing IPL's final base rates for its Iowa electric retail customers.

5. In lieu of a bond, a Corporate Undertaking is being submitted to the Board with this Motion for Approval, which is equal to the amount of any annualized refund that the Board may order in its final order in the general rate case proceeding docket initiated by IPL's March 28, 2014, filing.

6. IPL's refund obligation, if any, shall begin with any electric service provided to its Iowa retail electric customers beginning on February 22, 2014.

7. IPL's refund obligation, if any, under this corporate undertaking shall be measured by the annualized amount that IPL's revenue requirement, produced by IPL's current rates, exceeds the revenue requirement established by the Board's final order in the general rate case proceeding docket initiated by IPL's March 28, 2014, filing.

WHEREFORE, Interstate Power and Light Company respectfully requests the Iowa Utilities Board to issue an Order approving the attached Corporate Undertaking.

January 13, 2014

Respectfully submitted,

INTERSTATE POWER AND LIGHT COMPANY

BY: /s/ Kent M. Ragsdale

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**STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD**

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-2014- <u>0001</u>
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CORPORATE UNDERTAKING

KNOW ALL MEN BY THESE PRESENTS:

That Interstate Power and Light Company (IPL), an Iowa corporation, is herein formally bound to the Iowa Utilities Board (Board) and unto each and all of IPL's electricity service subscribers, covering any and all electric revenues to be billed or collected on and after February 22, 2014, in excess of the amount collected under rates, charges, schedules and regulations finally approved by the Board in the general rate case proceeding docket initiated by IPL's March 28, 2014, filing, to the payment of which it binds itself, its successors and assigns, formally by these presents.

The condition of this obligation is such that:

WHEREAS, in Docket Nos. SPU-2005-0015 and TF-2012-0577 IPL made a commitment to file a test year 2013 rate case, if necessary, to resolve certain revenue requirement and class cost of service issues raised by other parties in that docket (Tr. 243-246; Ex. 1), and

WHEREAS, in Docket Nos. SPU-2005-0015 and TF-2012-0577 the Board's January 31, 2013, Order (January 31 Order), page 32, acknowledged

IPL's commitment to file a rate case with a test year based upon calendar year 2013 results, and

WHEREAS, the Board, in reliance upon IPL's commitment to file a test year 2013 rate case to resolve certain revenue requirement and class cost of service, issued the January 31 Order not disapproving IPL's August 7, 2012, Amendment, in Docket No. SPU-2005-0015, and authorizing IPL to implement its proposed tariff, as revised by the January 31 Order, in Docket No. TF-2012-0577, and

WHEREAS, IPL has simultaneously filed a Motion for Approval of a Corporate Undertaking, which requests waiver of bond and authority to file a Corporate Undertaking in lieu thereof to be approved by the Board; said undertaking to be conditioned upon the refund, in a manner prescribed by the Board of the amount which would have been collected under rates, charges, schedules and regulations finally approved by the Board, together with interest as finally determined by the Board, in excess of the revenue requirement established by the Board's final order in the general rate case proceeding docket initiated by IPL's March 28, 2014, filing.

NOW, THEREFORE, Interstate Power and Light Company states its unqualified commitment, in lieu of corporate bond, to make any and all refunds in the event that all or any portion of its current electric rate changes, effective on February 22, 2014, is found, upon order of the Iowa Utilities Board, to be excessive. Such refunds, if any, together with interest thereon, will be refunded in a manner prescribed by the Board.

January 13, 2014

Respectfully submitted,

INTERSTATE POWER AND LIGHT COMPANY

BY: /s/ Thomas L. Aller

Thomas L. Aller
President

STATE OF IOWA)
) ss.
COUNTY OF LINN)

**FILED WITH
Executive Secretary
January 13, 2014
IOWA UTILITIES BOARD**

Thomas L. Aller, being first duly sworn, depose and say that he is the "President", of Interstate Power and Light Company; that he has executed the foregoing Corporate Undertaking for and on behalf of Interstate Power and Light Company; that he has read the foregoing Corporate Undertaking and is familiar with the contents thereof; that the same is true to the best of his knowledge and belief; and that he is duly authorized to execute and file such Corporate Undertaking on behalf of Interstate Power and Light Company.

 /s/ Thomas L. Aller
Thomas L. Aller
President

SUBSCRIBED AND SWORN to before me and in my presence this January 13, 2014.

 /s/ Linda L. Kipp
Linda L. Kipp
Notary Public
My commission expires on September 6, 2014.