

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EPB-2014-0150
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**ORDER REQUIRING ADDITIONAL INFORMATION**

(Issued December 3, 2014)

On April 1, 2014, Interstate Power and Light (IPL) filed with the Utilities Board (Board) an updated Emissions Plan and Budget (EPB) pursuant to Iowa Code § 476.6(21). IPL's EPB update addresses its multi-year plan and budget for managing regulated emissions from its Iowa generating facilities that are fueled by coal. IPL's updated EPB details its capital, operations and maintenance, and emissions allowance costs for 2015 and 2016. It also provides information on projected capital costs through 2019. On August 19, 2014, the Iowa Department of Natural Resources, Air Quality Bureau (IDNR), filed testimony stating the IDNR believes the filing meets the applicable state environmental requirements and that it has no further comments at this time.

In order to evaluate IPL's updated EPB to determine if the filing is complete, the Board requires additional information. IPL is to provide the following information within 15 days of the date of this order:

1. Provide a synopsis of the reasons for any variances in IPL's budget for 2013-2014 (Docket No. EPB-2012-0150) and actual expenditures reported for 2013-2014 (Docket No. EPB-2014-0150).
2. Provide an update on the status of the Activated Carbon Injection System (ACI) and baghouse at the Lansing Generating Station.
3. In Section II, page 51, IPL states that it is not seeking approval for Operation and Maintenance (O&M) expenses related to compliance with effluent limitation guidelines and on page 58 that IPL is only seeking approval for O&M expenses related to interim landfill closure at the Ottumwa-Midland Landfill (OML) and not other expenses related to compliance with the coal combustion residue (CCR) rule. In both cases, IPL states that it cannot reasonably estimate these costs at this time.

In Revised Appendix C, under O&M costs on page 2, IPL projected costs for the seventh unnumbered line-item; and under O&M costs on page 3, for the seventh and the eighth unnumbered line-items.

- a. Explain the activities involved in IPL's projected O&M costs for the three line-items.
  - b. Provide an explanation of the purpose of these projected expenditures and specify the environmental regulation that is driving these costs if it is not the pending effluent limitation guidelines or the CCR rule.
4. In Revised Appendix C, pages 2 through 7, explain why the first unnumbered line item under projected O&M costs varies among generating stations and varies year to year for the same generating station.
  5. Provide a summary of the analysis that IPL relied upon to conclude that fuel switching to natural gas is the most cost-effective path for the M.L. Kapp Generating Station to achieve mercury and air toxic standards compliance.
  6. IPL indicates that the M.L. Kapp Generating Station's current capacity with coal as its fuel source is 200 MW, and the switch to natural gas would limit the unit's capacity to approximately 95 MW because of limited fuel availability.

- a. Was the decreased capacity a part of IPL's cost-effectiveness evaluation in its decision to switch fuels at M.L. Kapp? Explain.
  - b. Is the limited fuel availability a long-term constraint? Will IPL pursue options to increase fuel availability? Explain.
  - c. How will the decrease in capacity affect grid reliability? How will the decreased capacity affect IPL's power costs?
  - d. Will IPL need to address the decreased capacity in another venue, such as another proceeding before the Board or in another state or with the Midcontinent Independent System Operator, Inc?
7. IPL indicates that the Selective Catalytic Reduction (SCR) project at the Lansing Generating Station went into service in 2010 and that the original SCR installation consisted of two layers of catalyst. Currently, IPL plans are to add a third layer of catalyst in 2014 and replace an existing layer in 2015. After evaluating SCR performance / nitrogen oxide reduction, IPL may replace additional catalyst layers between 2016 and 2019. Elaborate on why the original two layers of catalyst and the third may need to be replaced within 10 years of installation.
8. Describe the process that IPL uses to solicit and acquire the services of contractors for environmental emissions projects.
9. Court decisions affecting coal plant emissions were issued subsequent to the April 1, 2014, filing. The potential impact of the cooling water intake rule making was addressed by the IDNR in its testimony. Specify whether and how the following decisions impact IPL's environmental plan and budget.
  - a. The June 23, 2014, U.S. Supreme Court ruling partially invalidating the Tailoring Rule.
  - b. The April 29, 2014, U.S. Supreme Court reversal of the D.C. Circuit Court's decision vacating the Cross State Air Pollution Rule (CSAPR) and the D.C. Circuit Court's October 23, 2014, decision that lifted the stay on CSAPR.

**IT IS THEREFORE ORDERED:**

Interstate Power and Light Company shall provide the information identified in the body of this order within 15 days of the date of this order.

**UTILITIES BOARD**

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Joan Conrad  
Executive Secretary

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 3<sup>rd</sup> day of December 2014.