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August 1, 2012

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

**FILED WITH  
Executive Secretary**

**August 01, 2012**

**IOWA UTILITIES BOARD**

RE: Interstate Power and Light Company  
Docket No. RPU-2012-0002  
Supplemental Direct Testimony

Dear Secretary Conrad:

Enclosed please find Interstate Power and Light Company's Supplemental Direct Testimony of Jason P. Nielsen in the above-referenced docket, as filed today on EFS.

Very truly yours,

/s/ Kent M. Ragsdale

Kent M. Ragsdale  
Managing Attorney – Regulatory

KMR/kjf  
Enclosures

August 01, 2012

STATE OF IOWA

BEFORE THE IOWA UTILITIES BOARD IOWA UTILITIES BOARD

<b>IN RE:</b>	
<b>INTERSTATE POWER AND LIGHT COMPANY</b>	<b>DOCKET NO. RPU-2012-0002</b>

**SUPPLEMENTAL DIRECT TESTIMONY OF**

**JASON P. NIELSEN**

1 **Q. Please state your name and your business address.**

2 A. My name is Jason P. Nielsen and my business address is 200 First Street  
3 SE, Cedar Rapids, IA 52401.

4 **Q. Are you the same Jason P. Nielsen who previously filed direct**  
5 **testimony in this proceeding?**

6 A. Yes.

7 **Q. What is the purpose of your supplemental direct testimony?**

8 A. In Interstate Power and Light Company's (IPL or "Company") original May  
9 25, 2012, filing in this docket (May 25<sup>th</sup> filing), IPL's revenue requirement  
10 contained four pro forma adjustments that were based upon estimates; as  
11 outlined on pages 19 and 20 of my direct testimony. The four adjustments  
12 are listed as follows:

- 13 • Rate case expense;  
14 • Post-test year capital additions;  
15 • Sewer lateral inspection project; and

- 1           • Changes in the accumulated depreciation reserve (AD) and  
2           accumulated deferred income taxes (ADIT).

3           I stated in my direct testimony that IPL intended to update the  
4           record to reflect more recent information for these specific estimates. As I  
5           indicated, the Company plans to submit periodic updates on August 1,  
6           2012 and November 1, 2012. This supplemental direct testimony serves  
7           to update the record in this proceeding for estimates relied upon in the  
8           original filing.

9   **Q. In general, how do these four estimates currently compare to the**  
10 **comparable amounts used in the original filing?**

11 A. As I explain in more detail below, the revenue requirement impact of all of  
12 these estimates is lower than actual experience.

13 **Q. Does IPL plan to reflect the current numbers for these four estimates**  
14 **in its revenue requirement?**

15 A. No. If the Company made updates for the four pro-forma adjustments  
16 listed above, it would result in a higher revenue requirement. The  
17 Company is not updating the adjustments and will instead adhere to the  
18 dollar amounts used in its original May 25<sup>th</sup> filing. A summary of how the  
19 four adjustments compare between the May 25<sup>th</sup> filing and this August 1,  
20 2012 periodic update is contained in Table 1 below:

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**Table 1: Summary of Changes to Adjustment Values  
(in Thousands of Dollars)**

Adjustment	Schedule	Original Filing	August 1 Update	Difference
<i>Cost of Service Related Costs</i>				
Rate case expense	B-7	\$107	\$117	+\$10
Post-test year capital additions	B-13	\$261	\$261	\$0
Sewer lateral inspection project	B-17	\$250	\$250	\$0
<i>Rate Base Related Costs</i>				
Post-test year capital additions	D-4	\$12,229	\$12,236	+\$8
Change in AD and ADIT to 9/30/12	D-5	(\$6,578)	(\$6,565)	+\$13

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4 **Q. Please explain why the Company is not updating its revenue**  
5 **requirement related to the Rate Case Expense pro-forma adjustment**  
6 **since the original amount proposed was based on an estimate?**

7 A. Based upon the review of the rate case expenses, the Company has  
8 determined that the year-to-date expenses, related to the IPL  
9 Management Audit costs, have increased since the original filing. If the  
10 Company were to make this update there would be an additional \$39,539  
11 of total rate case expenses. Since this would be an increase to  
12 ratepayers, the Company is adhering to the amount proposed in its  
13 original filing as shown on line 3 of Exhibit\_\_(JPN-1), Schedule B-7.

1 **Q. Please explain your post-test year capital additions adjustment and**  
2 **why the Company is not updating its revenue requirement for this**  
3 **item.**

4 A. Regarding post-test year capital additions, I have contacted each of the  
5 Company's business units regarding their original estimates for in-service  
6 capital additions as of September 30, 2012. Based upon the review of the  
7 revised post-test year capital additions, the Company does not expect a  
8 significant change to its originally filed adjustment at this time. As a result,  
9 IPL will not change the adjustment and no update is being proposed at  
10 this time regarding Exhibit\_\_\_\_(JPN-1), Schedule D-4.

11 **Q. Please explain why no update to IPL's revenue requirement is**  
12 **needed for the sewer lateral inspection project.**

13 A. Based upon the review of the sewer lateral inspection project, the  
14 Company does not expect a change to its originally filed adjustment at this  
15 time. The Company has completed 168 inspections through July 14, 2012  
16 and has spent approximately \$77,000. IPL continues to work towards  
17 completing the approximately 2,000 inspections that has been proposed  
18 by IPL witness Vern A. Gebhart in his direct testimony. As a result, IPL  
19 will not change the related adjustment on Exhibit\_\_\_\_(JPN-1), Schedule B-  
20 17. IPL will continue to track and monitor the status of this adjustment  
21 over the remainder of the proceeding.

22 **Q. Please explain why making an update to the AD and ADIT adjustment**  
23 **shown on Exhibit\_\_(JPN-1), Schedule D-5 would increase the**  
24 **revenue requirement over what IPL developed in its May 25<sup>th</sup> filing.**

1 A. At the time of the original filing, IPL provided an estimate for AD and ADIT  
2 balances as shown on Exhibit\_\_(JPN-1), Schedule D-5 based on  
3 forecasted information from its corporate financial model. As of the end of  
4 July 2012, the Company had information to provide a better estimate for  
5 the AD and ADIT balances as of September 30, 2012. The revised AD  
6 estimate is (\$6,345,887), for the Iowa gas portion, as compared to  
7 (\$6,447,256), as originally filed. The revised ADIT balance estimate is  
8 (\$218,805), for the Iowa gas portion, as compared to (\$130,856) as  
9 originally filed. Since the net result of this adjustment is a slight increase  
10 to rate base, updating the adjustment would result in a higher revenue  
11 requirement. Accordingly, the Company will adhere to the adjustment  
12 made in its original filing.

13 **Q. Are there any other items that you want to mention in your**  
14 **supplemental direct testimony?**

15 A. Yes. As a point of clarification, IPL will not provide a revised final revenue  
16 requirement at this time since there were no updates to be incorporated. I  
17 expect to provide a record update again on November 1, 2012.

18 **Q. Does this conclude your prepared supplemental direct testimony?**

19 A. Yes.

STATE OF IOWA  
BEFORE THE IOWA UTILITIES BOARD

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<b>IN RE:</b>  <b>INTERSTATE POWER AND LIGHT COMPANY</b>	<b>DOCKET NO. RPU-2012-0002</b>
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AFFIDAVIT OF  
JASON P. NIELSEN

STATE OF IOWA                    )  
  ) ss.  
COUNTY OF LINN                )

I, Jason P. Nielsen, being first duly sworn on oath, depose and state that I am the same Jason P. Nielsen identified in the Supplemental Direct Testimony; that I have caused the Supplemental Direct Testimony to be prepared and am familiar with the contents thereof; and that the Supplemental Direct Testimony, is true and correct to the best of my knowledge and belief as of the date of this Affidavit.

/s/ Jason P. Nielsen  
Jason P. Nielsen

Subscribed and sworn to before me,  
a Notary Public in and for said County  
and State, this 1<sup>st</sup> day of August, 2012.

/s/ Kathleen J. Faine  
Kathleen J. Faine  
Notary Public  
My commission expires on February 20, 2015