

**FILED WITH  
Executive Secretary  
November 16, 2012  
IOWA UTILITIES BOARD**



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November 16, 2012

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

RE: Interstate Power and Light Company  
Docket Nos. EAC-2011-0025 and TF-2012-\_\_\_\_\_  
Interpretation No. E2012-24  
Regional Transmission Service Rider Second Year Compliance Filing

Dear Secretary Conrad:

Enclosed please find Interstate Power and Light Company's Regional Transmission Service Rider Second Year Compliance Filing, as filed today on EFS.

Very Truly Yours,

/s/ Paula N. Johnson  
Paula N. Johnson  
Senior Attorney - Regulatory

PNJ/kjf  
Enclosures

STATE OF IOWA  
BEFORE THE IOWA UTILITIES BOARD

<b>IN RE:</b>  <b>INTERSTATE POWER AND LIGHT COMPANY</b>	<b>DOCKET NO. EAC-2011-0025 TF-2012-_____</b>
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**SECOND YEAR COMPLIANCE FILING AND TARIFF**

**COMES NOW**, Interstate Power and Light Company (IPL) and, in compliance with the Iowa Utilities Board (Board) orders of January 10, 2011, and February 25, 2011, in Docket Nos. RPU-2010-0001 and TF-2011-0010 respectively, submits the following Regional Transmission Service Rider (Rider RTS) Compliance Filing and Tariff consisting of a proposed 2013 RTS tariff as well as an Interpretation/Compliance Filing, which includes: 1) the calculation of the RTS factors; 2) the reconciliation of the prior year (2012) transmission expenses and corresponding RTS revenues; 3) the estimated 2013 transmission expenses; and 4) the billing determinants.

Dated this 16<sup>th</sup> day of November, 2012.

Respectfully submitted,

Interstate Power and Light Company

BY: /s/ Paula N. Johnson

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**Interstate Power and Light Company**

November 16, 2012

**INITIAL FILING  
REGIONAL TRANSMISSION SERVICE RIDER  
SECOND YEAR COMPLIANCE FILING**

**Interpretation No. IPL E2012-24**

**RE: Docket Nos. EAC-2011-0025 and TF-2012-\_\_\_\_\_**

**General Information**

The Iowa Utilities Board (Board) issued its Final Decision and Order in Docket No. RPU-2010-0001 on January 10, 2011, authorizing Interstate Power and Light Company (IPL) to adopt a transmission cost recovery rider tariff, Regional Transmission Service rider (RTS Rider). The tariff was approved on a pilot basis to allow IPL to pass directly to its customers the costs of providing transmission service that are billed by third parties.

IPL filed with the Board its first-year compliance filing and reconciliation tariff (Reconciliation Filing) for its Regional Transmission Service (RTS) Rider on November 18, 2011. The Board docketed IPL's Reconciliation Filing on December 9, 2011, pending resolution of the CIPCO Investment True-up costs. The Board issued an order on the CIPCO Investment True-up costs on April 10, 2012 and IPL filed a revised compliance tariff on April 20, 2012 for RTS Rider factors which were approved by the Board's May 23, 2012 Order and went into effect on June 1, 2012.

IPL is hereby submitting its second annual cost recovery filing and revised RTS Rider tariff for the IPL electric systems in this filing, proposed to be effective January 1, 2013. IPL is filing at this time to comply with the Board orders issued on January 10, 2011, and February 25, 2011, in Docket Nos. RPU-2010-0001 and TF-2011-0010, respectively. In those dockets, the Board found that an automatic adjustment clause for IPL's transmission costs satisfied the five guidelines in 199 IAC 20.9 for automatic adjustment clauses, as well as Iowa Code § 476.6(8), which allows establishment of automatic adjustments of rates and charges as long as the charges are first filed and approved with the Board. IPL's RTS Rider provides the adjustment mechanism that reflects the estimated transmission expenses assigned to each particular customer class and the estimated kilowatt (kW) or kilowatt-hour (kWh) effective January 1 for the upcoming year. Consistent with the RTS Rider tariff, IPL submits revised RTS Rider rates reflecting 2013 transmission cost levels. Consistent with the approved RTS tariff, IPL submits:

- a) the transmission rider reconciliation tracker balance through the end of October 2012;
- b) estimated 2013 transmission expense by customer class; and
- c) estimated kW or kWh by customer class to be consumed in 2013.

### **Summary**

This filing contains includes the following four sections, which describe:

Section 1 – the calculation of the RTS Rider factors;

Section 2 – the reconciliation of the prior year (2012) transmission expenses and corresponding RTS Rider revenues;

Section 3 – the estimated 2013 transmission expenses; and  
 Section 4 – the billing determinants.

The schedules provided with this filing follow a format similar to that found in the prior dockets pertaining to the development of the RTS Rider factors (Docket Nos.RPU-2010-0001 and EAC-2011-0007). IPL followed the same methodology in calculating the factors and has made updates to the following information since the previous compliance filings in above-noted Dockets:

- the inclusion of the 2012 tracker balance (cost);
- the projected 2013 expense levels; and
- current billing determinants.

Table 1 below compares the 2012 factors to the proposed 2013 factors.

**Table 1 RTS Factors by Customer Class (\$/kWh or \$/kW)**

Year	Residential	General Service	Large General Service/Bulk	Lighting	Standby
2012	\$0.01811	\$0.01877	\$5.59	\$0.01954	\$5.65
2013	\$0.02068	\$0.02081	\$5.90	\$0.02125	\$6.27

**1. CALCULATION OF RTS FACTORS**

Calculation of the factors for each of the customer classes is depicted in Schedule A1. Following the approved tariff formula, the Residential, General Service, and Lighting customer classes' RTS factors for 2013 are calculated as:

$$RTS_{kWh} = (A + B) / (EQ_{kWh})$$

Where:

A = The estimated annual expense for transmission service for the particular customer class, beginning January 1 of each year.

B = The transmission cost reconciliation balance reflecting actual transmission expenses attributable to a particular customer class versus actual revenue recovery from the transmission rider for the class from the previous 12 month period ending in October. The B balance shall be assumed to be zero prior to January 1, 2011.

$EQ_{kWh}$  = The estimated electric kilowatt-hours of energy to be consumed or delivered during the upcoming year in which  $RTS_{kWh}$  will be used.

The formula for the Large General Service customer class RTS factor for 2013 is calculated as:

$$RTS_{kW} = (A + B) / (EQ_{kW})$$

Where:

A = The estimated annual expense for transmission service for the particular customer class, beginning January 1 of each year.

B = The transmission cost reconciliation balance reflecting actual transmission expenses attributable to a particular customer class versus actual revenue recovery from the transmission rider for the class from the previous 12 month period ending in October. The B balance shall be assumed to be zero prior to January 1, 2011.

$EQ_{kW}$  = The estimated electric kilowatts to be consumed or delivered during the upcoming year in which  $RTS_{kW}$  will be used.

The calculation for the 2013 RTS Rider factor for the Standby Contract Demand Rate (a/k/a Transmission Reservation Fee) is simply the percentage increase in 2013 transmission expenses (inclusive of the reconciliation tracker balance) applied to the 2012 factor. This calculation is depicted in Schedule A6.

## **2. 2012 RECONCILIATION BALANCE**

The cumulative tracker balance from the October 2012 monthly transmission expense report filing in Docket No. EAC-2011-0025 is recovered with the estimated 2013 transmission expenses. This allows the amortization of the transmission rider tracker balance from the associated monthly transmission expense reports in Docket No. EAC-2011-0025 as part of the 2013 net recoverable transmission expenses in Schedule A2. This tracker balance represents the cumulative over/under recovery of transmission expenses for the time period, November, 2011, through the October 2012 revenue month. Over/under recovery for the revenue months of November and December 2012 under the current RTS Rider factors will be reconciled as part of the next year's annual filing. The 2012 tracker balance is a \$7,218,335 under collection.

## **3. 2013 ESTIMATED TRANSMISSION EXPENSES**

Estimated 2013 transmission expenses have been broken out by month according to either Midwest Independent Transmission System Operator, Inc. (MISO) transmission schedule or non-MISO transmission provider. (See Schedule A3.) These estimated 2013 expenditures reflect known changes in transmission provider charges, with the largest increase related to ITC-Midwest LLC's (ITC-M) charges based upon its Attachment O for 2013, which was published to MISO's Open Access Same Time Information System (OASIS) site in September 2012. Estimated 2013 Federal Energy Regulatory Commission (FERC) jurisdictional transmission revenues recorded to FERC Account 456 are

credited as an offset to the projected transmission expenses. (See Schedule A4.)

Schedule A2 provides the calculation of total net transmission expenses before allocation to the customer classes in Schedule A1. Projected FERC Account 565 transmission expenses are offset by estimated FERC Account 456 transmission revenues. Iowa's jurisdictional allocation is 94.04 percent of this net amount, further reduced by 3.09 percent to account for the allocation to IPL's full requirement wholesale customers. Finally, the balance from the tracker account is added to the Iowa retail share to determine the amount to recover from Iowa retail customers in 2013.

#### **4. 2013 PROJECTED BILLING DETERMINANTS**

IPL based the projected kWh billing determinants on the actual kWh billed by customer class from November 2011 through October 2012. Likewise, IPL derived projected kW billing determinants based on actual kW billing demands for the Large General Service/Bulk customer class for the time period November 2011 through October 2012. Standby billing determinants were based upon contract demands in effect at the close of the October 2012 revenue month. The billing determinants are depicted in Schedule A5.

<b><u>Schedules:</u></b>	<b><u>RTS Rider Cost Recovery</u></b>
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Schedule A1:	Electric RTS Rider factor calculations.
Schedule A2:	Calculation of estimated 2013 net transmission expenses.
Schedule A3:	2013 FERC Account 565 transmission expense by MISO Schedule or transmission provider.
Schedule A4:	2013 FERC Account 456 transmission revenues.

Schedule A5: Projected electric billing units for calendar year 2013.

Schedule A6: Calculation of Standby Reservation Fee.

Workpapers: AED Allocator (in Excel format).

**Tariff Changes:**

Replace Substitute Third Revised Sheet No. 86 with Fourth Revised Sheet No. 86.

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Interstate Power and Light Company  
Electric Utility  
Calculation of Regional Transmission Rider Factors

	<b>Residential</b>	<b>GS</b>	<b>LGS/Bulk</b>	<b>Lighting</b>	<b>Standby</b>	<b>Total</b>
Projected kWh Sales	3,609,730,096	2,027,814,048	NA	78,682,723	NA	5,716,226,867
KW Sales (Billing Demands)	na	na	18,300,025	na	2,461,505	20,761,530
<b>2013 transmission expenses for RTS Recovery:</b>						
2013 Transmission Expense	\$74,627,922	\$42,177,743	\$107,974,653	\$1,671,363	\$15,421,805	\$241,873,486
AED Allocator (2010)	32.9553%	18.6255%	47.6811%	0.7381%		100%
" rates" per kWh	0.02068	0.02081		0.02125		\$ 0.04231
"In rates" per kW	na	na	\$ 5.90	na	\$ 6.27	

<u>Customer Class</u>	<u>2013 RTS</u>
Residential	\$ 0.02068
General Service	\$ 0.02081
LGS	\$ 5.90
Bulk/High Load Factor	\$ 5.90
Standby	\$ 6.27

Interstate Power and Light  
2013 Net Iowa Retail Transmission Expense

Schedule A-2

2013 IPL Transmission Expense	\$ 262,798,539	Schedule A3
2013 IPL Transmission Revenue	<u>\$ (5,315,350)</u>	Schedule A4
Net Transmission Expense	\$ 257,483,189	
Iowa electric amount (94.04%, on system coincident peak basis)		
	\$ 242,137,191	
Iowa wholesale allocation (3.09%, on system coincident peak basis)		
	<u>\$ (7,482,039)</u>	
Iowa Retail 2013 Net Transmission Expense	\$ 234,655,151	
2012 Tracker Balance over/under recovery	<u>\$ 7,218,335</u>	EAC-2011-0025
<b>Net recoverable expense</b>	<b>\$ 241,873,486</b>	

Interstate Power and Light  
FERC Account 565

Schedule A-3

Estimated IPL 2013 Transmission Expense for RTS Rider:

Line No.	IPL Transmission Charges FERC 565 Transmission Expense:	Forecast Jan-13	Forecast Feb-13	Forecast Mar-13	Forecast Apr-13	Forecast May-13	Forecast Jun-13	Forecast Jul-13	Forecast Aug-13	Forecast Sep-13	Forecast Oct-13	Forecast Nov-13	Forecast Dec-13	Total
	Non-MISO													
1	WAPA: Everly Load	\$8,540	\$8,540	\$8,551	\$8,490	\$8,490	\$8,712	\$8,568	\$8,568	\$8,568	\$8,697	\$8,684	\$8,676	103,084
2	CIPCO NITS charge	199,693	160,970	187,700	148,800	187,393	259,916	283,145	276,917	270,659	191,174	189,100	193,572	2,549,038
3	CIPCO trans. investment credit/true-up	17,144	17,144	17,144	17,144	17,144	17,144	17,144	17,144	17,144	17,144	17,144	17,144	205,729
4	CIPCO Massena-Grant	10,208	9,111	7,682	6,527	8,485	13,504	14,264	12,787	13,564	9,018	7,480	9,419	122,048
5	NIPCO Wheeling	2,972	3,057	2,590	2,744	2,466	2,970	3,169	4,874	4,188	3,252	3,266	3,479	39,037
6	NEMO Wheeling	43,359	38,803	33,387	34,530	37,810	43,397	57,664	45,346	40,150	38,770	34,547	38,504	486,266
7	NEMO Facility Charge	1,421	1,548	1,378	1,471	1,245	1,245	1,245	1,247	1,245	1,446	1,380	1,498	16,368
8	Corn Belt Power Coop	\$0	\$135,534							\$908	\$752			137,195
9	Corn Belt Schedule 23 Charges	\$577	\$836	\$0	\$914	\$707	\$896	\$743	\$0	\$0	\$0	\$1,630	\$581	6,883
10	Total Other Firm Transmission	\$283,913	\$375,552	\$258,433	\$220,621	\$263,741	\$347,784	\$365,941	\$366,883	\$356,427	\$270,252	\$263,229	\$272,872	3,665,647
11	IPL's 37% of PJM													
12	PJM Adders (sched, dispatch, reactive)	20,709	21,021	19,068	22,673	23,099	21,046	20,963	19,128	23,404	20,533	21,553	21,419	254,617
13	Total PJM Transmission	20,709	21,021	19,068	22,673	23,099	21,046	20,963	19,128	23,404	20,533	21,553	21,419	254,617
14	Transmission Wheeling -													
	MISO Transmission Charges:													
15	Schedule 1 Charge	\$394,136	\$362,192	\$370,320	\$345,570	\$397,020	\$444,766	\$491,685	\$486,468	\$420,919	\$385,029	\$382,493	\$412,307	4,892,903
16	Schedule 2 Charge	\$324,720	\$298,401	\$305,098	\$284,707	\$327,096	\$366,432	\$405,088	\$400,789	\$346,786	\$317,217	\$315,127	\$339,691	4,031,150
17	Schedule 9 Charge	\$17,274,658	\$15,821,394	\$16,221,893	\$15,119,165	\$17,343,072	\$19,544,693	\$21,531,340	\$21,339,657	\$18,467,558	\$16,920,416	\$16,736,300	\$18,045,625	214,365,570
18	Schedule 10 Charge (MISO Adder)	\$235,203	\$212,469	\$220,942	\$200,270	\$213,070	\$241,275	\$273,926	\$272,632	\$238,559	\$226,432	\$218,704	\$239,622	2,793,102
19	Less Schedule 10 Charge in Ferc Acct 561.4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Less Schedule 10 Charge in Ferc Acct 561.8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Less Schedule 10 Charge in Ferc Acct 575.5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Schedule 11 Charge (Prior Mth Adj)	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	27,024
23	Schedule 23 Charge (GFA)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Schedule 26 Charge	\$2,317,817	\$2,129,960	\$2,177,760	\$2,032,212	\$2,334,778	\$2,615,559	\$2,891,480	\$2,860,790	\$2,475,322	\$2,264,263	\$2,249,345	\$2,424,679	28,773,964
25	Schedule 26-A Charge	\$238,640	\$219,298	\$224,220	\$209,234	\$240,386	\$269,295	\$297,704	\$294,544	\$254,857	\$233,126	\$231,590	\$249,642	2,962,538
26	FERC Assessment Sch 10	\$83,132	\$76,394	\$78,109	\$72,888	\$83,740	\$93,811	\$103,707	\$102,607	\$88,781	\$81,211	\$80,676	\$86,965	1,032,023
27	Total MISO Charges	\$20,870,557	\$19,122,361	\$19,800,393	\$18,266,298	\$20,941,414	\$23,578,084	\$25,997,182	\$25,759,736	\$22,295,033	\$20,429,947	\$20,216,487	\$21,800,782	\$258,878,275
28	Total all transmission lines 10, 13, and 26)	\$21,175,180	\$19,518,934	\$19,877,894	\$18,509,592	\$21,228,254	\$23,946,913	\$26,404,086	\$26,145,747	\$22,674,864	\$20,720,731	\$20,501,269	\$22,095,074	262,798,539

Note 1: The CIPCO NITS charge amounts have been updated based on the actual monthly invoices paid during 11/2011 through 9/2012.

Note 2: The CIPCO investment True-up charge amounts are fixed at RPU-2010-0001 amounts (1/10/2011 Final Order at page 66).

Note 3: The CIPCO Massena-Grant wheeling charges are based on actual monthly amounts paid (credited to CIPCO) during 2011-12 as part of the monthly CIPCO O&T agreement.

Note 4: The NIPCO wheeling charges are based on actual monthly invoices accrued during 11/2011 through 10/2012

Note 5: The NEMO wheeling and facility charges are based on actual monthly invoices accrued 11/2011 through 10/2012.

Note 6: The MISO Schedule 10 Admin charges are based on fixed accrued during 2011.

**Total 2012** \$262,798,539

243,139,534

**Revenue Items:**

**IPL Transmission Revenue (Ancillary Services only)**

**2013 IPL Budget Forecast**

	January		February		March		April		May		June		July		August		September		October		November		December		Total			
	Estimate	Actual	Estimate	Actual																								
Schedule 2	443,123		396,242		433,765		382,486		469,574		486,946		431,708		403,636		425,918		373,701		396,106		437,875		5,081,079		-	
RPGI Dist (Note 2)	11,081		11,081		11,081		11,081		11,081		11,081		11,081		11,081		11,081		11,081		11,081		11,081		11,081		132,967	-
CBPC Disc (Note 2)	8,442		8,442		8,442		8,442		8,442		8,442		8,442		8,442		8,442		8,442		8,442		8,442		8,442		101,304	-
<b>TOTAL</b>	<b>462,646</b>	<b>-</b>	<b>415,765</b>	<b>-</b>	<b>453,288</b>	<b>-</b>	<b>402,008</b>	<b>-</b>	<b>489,096</b>	<b>-</b>	<b>506,469</b>	<b>-</b>	<b>451,230</b>	<b>-</b>	<b>423,159</b>	<b>-</b>	<b>445,441</b>	<b>-</b>	<b>393,223</b>	<b>-</b>	<b>415,628</b>	<b>-</b>	<b>457,398</b>	<b>-</b>	<b>5,315,350</b>	<b>-</b>	<b>-</b>	

- Notes:
- 1) Schedules 2 has been estimated using 2009 actuals where available multiplied by the forecasted increase/decrease in load (see table on far right).
  - 2) RPGI and CBPC are fixed charges and will not change month-to-month.
  - 3) Actual revenue is derived from the MISO Day 5 MR files after sorting.

Inerstate Power and Light  
2013 Billing Determinants

Schedule A-5

	Residential <u>(kWh)</u>	General Service <u>(kWh)</u>	Lighting <u>(kWh)</u>	Large General Service <u>(kW)</u>	Standby <u>(kW)</u>
Sales January	356,968,348	186,079,985	6,607,533	1,486,645	226,272
Sales February	310,358,022	161,502,465	6,592,541	1,470,535	231,774
Sales March	275,541,523	154,560,370	6,528,860	1,486,014	231,774
Sales April	218,494,300	137,761,555	6,588,534	1,465,768	231,774
Sales May	223,857,598	139,777,861	6,575,448	1,538,125	201,165
Sales June	281,863,559	165,180,327	6,572,171	1,533,105	179,073
Sales July	426,899,917	192,921,119	6,562,784	1,596,985	129,412
Sales August	411,840,295	189,797,734	6,558,819	1,602,036	171,539
Sales September	315,250,848	180,386,742	6,555,346	1,573,806	194,008
Sales October	225,929,409	173,297,885	6,552,773	1,548,636	201,165
Sales November	242,984,392	169,739,742	6,491,566	1,517,452	231,774
Sales December	<u>319,741,885</u>	<u>176,808,263</u>	<u>6,496,348</u>	<u>1,480,917</u>	<u>231,774</u>
Total	3,609,730,096	2,027,814,048	78,682,723	18,300,025	2,461,505

## Standby Transmission Reservation Fee

Line				Reference
1	2012 Total IPL Transmission Charges	\$	218,123,425	Workpaper A6, Line 6
2	2013 Total IPL Transmission Charges	\$	241,873,486	Schedule A2, Net Recoverable Expenses
3	2013 Increase percentage		11%	(Line 2 - Line 1 )/ Line 1
4	2012	\$	5.65 Contract Demand KW/Month	Rider RTS Tariff (Sheet No. 86)
5	2013	\$	6.27 Contract Demand KW/Month	1 plus line 3 times line 4

Interstate Power and Light  
2012 Net Iowa Retail Transmission Expense

Workpaper A-6

2012 IPL Transmission Expense \$ 244,644,900

2012 IPL Transmission Revenue \$ 5,301,699

Net Transmission Expense \$ 239,343,201

Iowa electric amount (94.04%, on system coincident peak basis)  
\$ 225,078,346

Iowa wholesale allocation (3.09%, on system coincident peak basis)  
\$ (6,954,921)

Iowa Retail 2012 Net Transmission Expense \$ 218,123,425