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November 5, 2012

RPU-2010-0001
FILED WITH
Executive Secretary
November 05, 2012
IOWA UTILITIES BOARD

VIA ELECTRONIC FILING

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

Re: *Interstate Power and Light Company*
Docket No. RPU-2010-0001

Dear Ms. Conrad:

Enclosed for filing are the Comments of the Iowa Consumers Coalition regarding the June 29, 2012 semi-annual Transmission Report filed by Interstate Power & Light Company in the above-referenced proceeding.

Sincerely,

/s/ Daniel E. Frank

Attorney for
The Iowa Consumers Coalition

Enclosures

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

IN RE:)	
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INTERSTATE POWER AND LIGHT)	DOCKET NO. RPU-2010-0001
COMPANY)	
)	
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**COMMENTS OF THE
IOWA CONSUMERS COALITION ON
SEMI-ANNUAL TRANSMISSION REPORT**

The Iowa Consumers Coalition (“ICC”), which has previously intervened and participated in the above-captioned proceeding, hereby submits brief comments on the June 29, 2012 semi-annual transmission report filed by Interstate Power and Light Company (“IPL”) pursuant to the Board’s January 10, 2011 Final Decision and Order in this proceeding (“Transmission Report”). The ICC is an *ad hoc* group of large consumers of electricity that regularly participates in IPL rate cases and other proceedings before the Board, and in this proceeding includes Archer Daniels Midland Company, Cargill, Incorporated, Equistar Chemicals, L.P., and United States Gypsum Company. Because there is not currently a procedural schedule for this proceeding specifically providing for comments on IPL’s Transmission Report, ICC respectfully requests, to the extent necessary, that the Board accept these comments.¹

¹ These comments principally address IPL’s Transmission Report and related stakeholder proceedings. ICC reserves the right to submit comments at the appropriate time regarding (i) whether IPL’s transmission rider, pursuant to which transmission costs are passed through to IPL retail ratepayers, should be continued after the initial three-year period for the transmission rider, and (ii) IPL’s overall performance as an electric utility.

Comments

ICC has been an active participant in the IPL stakeholder proceedings addressing transmission-related matters over the last two years. ICC's representatives have participated in-person in the three semi-annual stakeholder meetings sponsored by IPL to date, have met informally with IPL on other occasions between those meetings, and intend to continue such participation. ICC has raised issues of concern to IPL, requested information and analyses from IPL, and provided feedback to IPL concerning transmission matters, some of which is described in the Transmission Report.

ICC believes that, to date, IPL has proven itself to be responsive to concerns raised by ICC and other stakeholders. For example, in 2011, ICC raised concerns about the coordination of transmission maintenance outages with customer facility outages; in response, IPL undertook to work with affected members of ICC, and since then has been proactive in coordinating with customers and seeking feedback on its performance. Additionally, in response to requests by ICC and others, IPL is now including in its Transmission Report and stakeholder meeting presentations its forecasts of ITC Midwest, LLC ("ITCM") rates, the key assumptions underlying those rate forecasts, and additional information about ITCM projected capital expenditures. As a result, ICC believes that the stakeholder process is working as intended, and recommends that it be continued.

ICC also commends IPL's actions to date related to transmission rates, coordination and other issues, and in its collaborative efforts with ICC and other stakeholders on managing relations with ITCM, as outlined in the June 29, 2012 Transmission Report. In particular, ICC supports IPL's efforts to vet ITCM projects and costs. Ongoing vigilance is necessary given the increasing transmission costs and rates that continue to be projected for ITCM and that

ultimately will be paid by ICC members and other retail customers of IPL. For example, the Transmission Report describes how ITCM's costs – and the rates paid by IPL and its customers for such costs – will *triple* over the period 2008 through 2016.² These rising costs demand continued vigilance, and ICC supports IPL's efforts in taking the lead on behalf of its retail customers.

Because of these increasing costs, more remains to be done. For example, it would be beneficial for ITCM to provide a detailed explanation of the basis for its projects and project costs, so that customers could understand – and challenge, if necessary – the continued capital expenditures by ITCM that underlie the increasing transmission costs. ITCM has been asked for such explanations, but none has been provided (other than very high-level estimates of the gross levels of capital expenditures). Instead, we have learned that, when IPL has successfully influenced ITCM costs (for example, by convincing ITCM to use an alternative approach that would result in lower capital expenditures on a project), ITCM simply shifts the “savings” to other projects such that ITCM continues to spend to its capital budget. ICC has also asked for, and IPL is beginning to provide, additional reliability metrics to ensure that higher costs are commensurate with necessary and appropriate reliability benefits. ICC believes that IPL shares ICC's frustration with the continued escalation of ITCM costs and rates and the lack of useful, detailed information from ITCM. ICC will continue to work with IPL in the stakeholder proceedings to ensure that the costs and rates that retail customers must pay will be managed effectively, will be kept to reasonable levels, and will be justified by appropriate enhancements to reliability.

² See Transmission Report at 11-13.

Finally, ICC commends IPL's proactive efforts to attempt to rein in the ITCM costs that IPL and its retail customers must pay. Specifically, as the Board knows, IPL recently filed a complaint with the Federal Energy Regulatory Commission ("FERC") challenging the Midwest Independent Transmission System Operator, Inc. ("MISO") tariff provisions that allow generators interconnecting with ITCM to recover up to 100% of the costs of network upgrades paid for by the generators. The ITCM approach of 100% reimbursement of these costs (funded ultimately by retail consumers, principally IPL's customers) contrasts sharply with the bulk of the rest of MISO which is required to pay for the reimbursement of only 10% of such network upgrade costs. ICC has intervened in the FERC complaint proceeding, and filed comments in support of IPL's complaint. ICC supports IPL's efforts to proactively seek to contain costs that it must pay, including at the FERC level.³

³ ICC also commends IPL's efforts in FERC Docket No. PA10-13-000 challenging ITCM's recovery of the tax effects of amortized goodwill in connection with ITCM's acquisition of IPL's transmission system.

Conclusion

Wherefore, ICC respectfully requests that the Board accept these comments, and consider them and take such action as may be consistent therewith.

Respectfully submitted,

/s/ Daniel E. Frank

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