

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

<b>IN RE:</b>  <b>INTERSTATE POWER AND LIGHT COMPANY</b>	<b>DOCKET NO. RPU-2019-0001</b>
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**NON-UNANIMOUS PARTIAL SETTLEMENT AGREEMENT  
AND  
JOINT MOTION FOR APPROVAL OF AGREEMENT**

On this 3rd day of October, 2019, Interstate Power and Light Company (IPL or Company), the Office of Consumer Advocate, a division of the Iowa Department of Justice (OCA), the Environmental Law and Policy Center and Iowa Environmental Council (ELPC/IEC), the International Brotherhood of Electrical Workers, Local 204 (IBEW Local 204), Iowa Business Energy Coalition (IBEC), the Large Energy Group (LEG), Large General Service Group (LGSG), Sierra Club, and Walmart Stores, Inc. (Walmart) hereby agree to the terms and conditions of this Settlement Agreement (Settlement Agreement or Agreement). The Company, OCA, ELPC/IEC, IBEC, IBEW Local 204, LEG, LGSG, Sierra Club and Walmart are each a “Party” and collectively referred to as “Parties.”

**ARTICLE I**

**Introduction**

A. On March 1, 2019, IPL filed with the Iowa Utilities Board (Board) a general rate review proceeding requesting a \$203,575,597 increase in its Iowa retail revenue requirements for its electric operations based on a return on equity

of 9.8%. IPL concurrently filed a notice of its intention to implement interim rates pursuant to Iowa Code § 476.6(9)(a) on April 1, 2019, in the annual increase amount of \$89,891,724, as well as a Motion for Approval of Corporate Undertaking. On March 26, 2019, the Board issued an order approving the corporate undertaking.

B. The Parties are filing this Settlement Agreement with the Board pursuant to Iowa Code § 17A.12(5) and 199 IAC § 7.18. By this Agreement, the Parties resolve all issues raised in this proceeding relating to revenue requirement, return on equity, capital structure, return on production tax credit (PTC) carryforwards, Renewable Energy Rider, and other terms specifically identified herein.

## **ARTICLE II**

### **Purpose**

This Agreement has been prepared and executed by the Parties for the sole purpose of settling on a mutually acceptable outcome in this proceeding without resolving the material issues or facts involved therein, and is applicable in this proceeding only, except to the extent necessary to implement this Agreement in relevant future proceedings in accordance with its terms. The Parties hereto understand and agree that the proposals, positions and adjustments made or obtained in this Agreement, whether express or implied, are made or obtained only through the spirit of compromise and are made subject to Article V herein. The Parties have entered into this Agreement in order to avoid the burden, expense, delays, and uncertainties of further litigation with respect to the settled issues.

This Agreement has been executed as a compromise settlement of disputed claims, and the execution of the Agreement does not constitute admission or concession on the merits of those claims on the part of any Party. In consideration of the mutual agreement hereinafter set forth, the Parties hereby agree as follows:

**ARTICLE III**

**Joint Motion**

The Parties hereby jointly move the Board to issue an order approving this Settlement Agreement in its entirety without condition or modification and limiting the portion of the hearing scheduled to begin October 7, 2019 concerning the settled issues.

**ARTICLE IV**

**Condition Precedent**

This Agreement shall not become effective unless and until the Board enters an Order approving this Agreement in its entirety without condition or modification.

**ARTICLE V**

**Privilege and Limitation**

This Agreement shall become binding upon the Parties upon its execution, provided, however, if this Agreement does not become effective in accordance with Articles III and IV above, it shall be null and void. This Settlement Agreement represents a settlement on a mutually agreeable outcome without resolution of specific issues of law or fact that were raised by the Parties.

This Settlement Agreement resolves the issues between and among the Parties with respect to revenue requirement and capital structure. This Settlement Agreement also resolves issues with respect to rate design to the extent that they are specifically addressed within this Agreement. This Agreement is intended to relate only to the specific matters referred to herein; no Party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein.

No Party will be deemed to have approved, accepted, agreed, or consented to any ratemaking principle or treatment, cost-of-capital, or capital structure determination underlying the provisions of this Settlement Agreement (or the attachments thereto), or be prejudiced or bound thereby in any other current or future proceeding before the Board, except as expressly set forth in this Settlement Agreement. No Party or representative thereof shall directly or indirectly refer to this Agreement or any part of any Order of the Board referring to this Agreement as precedent, except as provided in Article XIX below.

## **ARTICLE VI**

### **Revenue Increase and Revenue Requirement**

A. The Parties agree to an annual Iowa jurisdictional electric base rate increase in the amount of \$127,000,000 based on a total annual Iowa electric revenue requirement of \$1,816,169,098. The Parties agree that the Company's reasonable and just rate case expense and amounts assessed by both the Board and OCA related to this rate review shall be recovered pursuant to a rate case

expense tracker amortized over three years. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Neil E. Michek	Direct Testimony, pp. 1-44 Rebuttal Testimony, pp. 1-52
OCA	Blake J. Kruger	Direct and Rebuttal Testimony, generally Direct Testimony, pp. 8-9, specifically Rebuttal Testimony, pp. 35-38, specifically
	Marcos Munoz	Direct Testimony, pp. 10, 61-87
IBEC	Maurice Brubaker	Rebuttal Testimony, pp. 2-12
	Greg R. Meyer	Direct Testimony, pp. 3-25 Rebuttal Testimony, pp. 7-19
WalMart	Steve W. Chriss	Direct Testimony, pp. 7-16

## ARTICLE VII

### Return on Equity and Capital Structure

B. The Parties agree that the return on equity for all assets that do not have advance ratemaking principles will be 9.5%, as set forth on the attached Schedule E. Such percent is a reasonable compromise based on evidence presented by the Parties in their pre-filed testimony. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Roger A. Morin, Ph.D.	Direct Testimony, pp. 1-67 Rebuttal Testimony, pp. 1-86
OCA	Marcos Munoz	Direct Testimony, pp. 31-60 Rebuttal Testimony, pp. 3-11
IBEC	Chris Walters	Direct Testimony, pp. 1-66 Rebuttal Testimony, pp. 3-10
WalMart	Steve W. Chriss	Direct Testimony, pp. 7-16

C. For purposes of this Settlement Agreement, the Parties agree that the Company’s capital structure for purposes of determining IPL’s weighted average cost of capital shall be 51.0 percent common equity, as set forth on the attached Confidential Schedule E. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Neil E. Michek	Direct Testimony, pp. 21-22
	Neil M. Krebsbach	Direct Testimony, pp. 4-5 Rebuttal Testimony, pp. 1-5
	Dr. Roger A. Morin	Direct Testimony, pp. 62-63 Rebuttal Testimony, pp. 43-44
OCA	Marcos Munoz	Direct Testimony, pp. 16-31, 60-70 Rebuttal Testimony, pp. 11-15
IBEC	Chris Walters	Direct Testimony, pp. 5-6, 19-23 Rebuttal Testimony, pp. 2-3

**ARTICLE VIII**

**Rate Base**

A. Rate Base. IPL’s Iowa electric rate base for purposes of this Agreement is \$6,126,710,733 (inclusive of retail and wholesale).

B. Construction Work in Progress (CWIP). For purposes of this Settlement Agreement only, IPL withdraws its request to include CWIP in rate base.

C. Depreciation Study. IPL agrees to withdraw the proposed changes to the depreciation study, including its request to include asset retirement obligation in the depreciation study. However, because the New Wind I and New Wind II wind generation facilities for which the Board approved advance

ratemaking principles in Docket Nos. RPU-2016-0005 and RPU-2017-0002, respectively (*hereinafter*, New Wind I and New Wind II) were not included in IPL’s previous depreciation study, the Parties agree that depreciation rates for the New Wind I and New Wind II are consistent with the advanced ratemaking principles approved by the Board. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Neil E. Michek	Direct Testimony, pp. 17-20 Rebuttal Testimony, pp. 41-42
OCA	Blake J. Kruger	Direct Testimony, pp. 64-67

D. Retired Meter Costs. The Parties agree that IPL shall recover the cost of the retired electric meters at issue in this rate review (the Retired Meters), but that IPL will not recover any return on the cost of the Retired Meters. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Neil E. Michek	Direct Testimony, pp. 33-37 Rebuttal Testimony, pp. 32-36
	Zachary D. Fields	Rebuttal Testimony, pp. 43-44
OCA	Blake J. Kruger	Direct Testimony, pp. 47-53 Rebuttal Testimony, pp. 39-40

## ARTICLE IX

### Resource Planning

A. IPL agrees to commence a resource planning process regarding its generation fleet, with targeted commencement no later than February 1, 2020, and targeted completion date of December 31, 2020. As part of the resource planning

process, IPL agrees to the following conditions and modeling or scenario parameters:

1. IPL will use the Aurora forecasting software to conduct this resource planning process. IPL and the Parties shall not be proscribed or limited from also using other models or analytical tools. IPL will, subject to appropriate confidentiality protections, make confidential and proprietary modeling inputs and modeling outputs available to the Parties.
2. IPL will consult with the Parties on modeling inputs, including:
  - a. Cost projections for wind, solar, and battery storage;
  - b. Energy efficiency and demand response cost assumptions;
  - c. Commodity price forecasts; and
  - d. Carbon price forecast.
3. IPL will consult with the Parties on potential retirement scenarios of IPL-operated coal-fired generating units and will analyze reasonable retirement scenarios for such generating units.
  - a. Such retirement scenarios will compare the value of continuing to operate coal plants to the value of replacing those plants with an optimized mix of capacity and/or energy resources, including but not limited to a combination of wind, solar, energy efficiency, demand response, and battery storage.
  - b. Any retirement scenario will be evaluated across a range of objectives, including both short-term and long-term customer cost impacts, as well as non-cost factors.



B. While IPL will consult with and seek feedback from the Parties, IPL will retain the final determination on modeling assumptions and scenarios. The Parties retain the right to challenge IPL's final determination on modeling assumptions and scenarios in any case where the IPL relies on the modeling assumptions and scenarios to support a resource retirement or new resource selection.

C. IPL agrees to conduct a reasonable number of modeling runs at the request of Parties using stakeholder-provided input assumptions. IPL's agreement to conduct these runs does not constitute endorsement by IPL of these modeling run inputs or outputs.

D. As part of its resource planning process, IPL will prioritize an analysis of the Lansing Generating Station, with the goal of completing that analysis by June 1, 2020. Any decisions by IPL with respect to the Lansing Generating Station will be subject to required approvals, including by the Midcontinent Independent System Operator (MISO) through its Attachment Y process. In addition:

1. Prior to the completion of the resource planning analysis regarding the Lansing Generating Station:
  - a. IPL agrees not to make more than \$10 million in capital expenditures on Lansing Unit 4, exclusive of work required regardless of the operational status of the Lansing Generating Station. IPL may expend capital above that amount if emergency work is required; and
  - b. IPL agrees not to request approval from the Board for the controls

required by IPL's National Pollutant Discharge Elimination System (NPDES) permit in its April 1, 2020 Emissions Plan and Budget but may provide information regarding potential controls for informational purposes.

2. If, subsequent to completion of its resource planning analysis regarding the Lansing Generating Station, IPL decides to install the controls required by the Lansing NDPEs permit, IPL will file a supplement to its April 1, 2020 Emissions Plan and Budget, and the Parties may address those proposed controls within that proceeding.

E. IPL agrees to convene stakeholder planning meetings with the Parties, subject to their execution of appropriate nondisclosure agreements. IPL will also invite Board staff. IPL will hold meetings on a regular basis to discuss the resource planning and modeling process, and to allow the parties to those meetings to provide feedback on that process, including modeling input assumptions and results. IPL agrees to file a notice of the resource planning process results in RPU-2019-0001 or another appropriate docket.

F. To the extent IPL identifies a need for replacement generation, capacity, or ancillary services associated with retiring facilities (identified through the resource planning process described above), and if IPL seeks advanced ratemaking principles for any applicable replacement resources that it proposes to own in the State of Iowa or seeks recovery of retired facilities in rates, IPL will make the results directly related to the evaluation and any resulting RFP process available, subject to appropriate confidentiality protections, to the Board and

interested parties in that proceeding.

G. Participation in the resource planning process by any Party will not constitute endorsement of the modeling inputs, outputs, or final resource determinations made by IPL, and Parties reserve the right to challenge the reasonableness of those determinations in subsequent proceedings.

H. ELPC/IEC and Sierra Club withdraw their objections and recommendations in Docket No. RPU-2019-0001 for non-recovery of operation and maintenance and capital costs on IPL's existing generation fleet.

I. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Brent R. Kitchen	Rebuttal Testimony, pp. 1-22
OCA	Scott C. Bents	Direct Testimony, pp. 5-10 Rebuttal Testimony, pp. 9-12
	Blake J. Kruger	Direct Testimony, pp. 34-35 Rebuttal Testimony, pp. 8-11
ELPC/IEC	Uday Varadarajan	Direct Testimony, pp. 34-35, 47-53 Rebuttal Testimony, pp. 1-10, 39-42
Sierra Club	Paul Chernick	Direct Testimony, pp. 3-77 Rebuttal Testimony, pp. 1-7

## ARTICLE X

### Communication and Grid Projects

A. IPL's Deployment of a High-Bandwidth Fiber Communication System in Iowa.

1. The revenue requirement stated in Article VI, above, shall include the cost of deployment of Phase I of IPL's high bandwidth fiber deployment

project, as that project is described in IPL's Grid Modernization Strategy filed in Docket No. RPU-2017-0001 on April 3, 2018 (the Fiber Project). Nothing in the preceding sentence shall preclude the non-IPL Parties from challenging the prudence of Phase I of the Fiber Project in a future rate review and evaluating the costs and benefits of Phase I on a standalone basis in that future rate review proceeding. The Parties agree that a prudence challenge made in a future rate review, if made, is properly placed.

2. Prior to deploying Phase II of the Fiber Project, IPL will undertake one or more additional cost-benefit analyses regarding the construction and deployment of Phase II, including seeking stakeholder feedback.

3. IPL retains the right to select its communication technology for either Phase I or Phase II of the Fiber Project. Parties retain the right to challenge the prudence of IPL's selections.

B. Pilot Projects, Advanced Metering Infrastructure (AMI) Enhancements and Base Distribution Investments. IPL will continue to collaborate with stakeholders regarding the distribution system pilot projects, including non-wires alternatives, which IPL is undertaking and that have been proposed by stakeholders. IPL will collaborate with stakeholders to develop a joint document specifying the purpose, process, and parameters of the collaborative process. IPL will also undertake a review and collaborative process with the Parties regarding use of AMI to further enhance customer solutions or grid benefits, beyond those already in IPL's plans. IPL retains the right to select technologies or tools to

implement that technology; the Parties retain the right to challenge the prudence of IPL’s selections and to advocate for other technology. IPL shall not be limited in undertaking base distribution work for the maintenance, operation, safety or reliability of the distribution system, including on project-specific bases, deploying ADMS or line sensors. IPL agrees to work with stakeholders on topics and goals for the distribution system pilot projects for the upcoming year. IPL will file an update to the stakeholder engagement plan with the Board by June 1 of each year until IPL files its next electric rate review.

C. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Randy D. Bauer	Direct Testimony, pp. 1-24 Rebuttal Testimony, pp. 1-31, 34-35
	James P. Brummond	Rebuttal Testimony, pp. 24-26
OCA	Megan C. Dyer	Direct Testimony, pp. 1-30 Rebuttal Testimony, pp. 1-55
	Scott C. Bents	Direct Testimony, pp. 10-31 Rebuttal Testimony, pp. 3-9
	Scott Norwood	Direct Testimony, pp. 8-32 Rebuttal Testimony, pp. 5-19
ELPC/IEC	Blake J. Kruger	Direct Testimony, pp. 12-21, 41-53, 64-67 Rebuttal Testimony, pp. 33-40
	Curt Volkmann	Direct Testimony, pp. 1-36 Rebuttal Testimony, pp. 1-17

## ARTICLE XI

### **Production Tax Credit Carryforward**

A. New Wind I and New Wind II. The revenue requirement stated in Article VI above shall reflect the carrying costs associated with the PTC

carryforward balance associated with New Wind I and New Wind II, which will reflect a pre-tax weighted average cost of capital calculated with the common equity component of the return on the PTC carryforward balance based on 5.0%. The pre-tax weighted average cost of capital will reflect the capital structure and cost of debt and preferred equity contained in this Settlement Agreement. This provision will apply until the PTC carryforward balance associated with New Wind I and New Wind II is zero. The PTC carryforwards and related return associated with the New Wind I and New Wind II projects will be collected through the Renewable Energy Rider as discussed in Article XII below. In a subsequent rate review, the Parties may seek a lower equity component for the PTC carryforward balance associated with New Wind I and New Wind II if that carryforward balance in that subsequent rate review is materially greater than projected in IPL's response to OCA Data Request No. 318, which is attached as Schedule 5 to the direct testimony of IBEC witness Maurice Brubaker.

B. Whispering Willow East. The carrying costs associated with the PTC carryforward balance associated with the Whispering Willow East wind project will reflect a pre-tax weighted average cost of capital calculated with the common equity component of the return on the PTC carryforward balance based on the ROE identified in Article VII above. The pre-tax weighted average cost of capital will reflect the settled capital structure and cost of debt and preferred equity. If the Board establishes a different ROE in a future rate review proceeding, the equity component of the return on the PTC carryforward balance associated with Whispering Willow East wind project will be the approved ROE in that future rate

review proceeding. The PTC carryforwards and related ROE associated with Whispering Willow East wind project in that future rate review will be included in base rates.

C. Retirement or Expiration of PTCs. PTCs will be deemed retired and removed entirely from the regulatory asset accounting upon the earliest of (a) actual use and retirement or (b) expiration of the tax credits. IPL will not seek additional recovery of any expired PTC carryforwards associated with the Whispering Willow East wind project or the New Wind I or New Wind II wind projects through the Renewable Energy Rider or in a future rate review. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	William C. Brenner	Direct Testimony, pp. 22-31 Rebuttal Testimony, pp. 1-26
	Neil E. Michek	Direct Testimony, pp. 13-16 Rebuttal Testimony, pp. 10-21
OCA	Blake J. Kruger	Direct Testimony, pp. 82-90 Rebuttal Testimony, pp. 46-47
	Helmuth W. Schultz	Direct Testimony, pp. 10-26 Rebuttal Testimony, pp. 5-12
IBEC	Greg Meyer	Direct Testimony, pp. 4-11 Rebuttal Testimony pp. 3-7
	Maurice Brubaker	Direct Testimony, pp. 4-13 Rebuttal Testimony, 2-10
ELPC/IEC	Uday Varadarajan	Additional Rebuttal Testimony, pp. 4-6
LEG	Robert J. Latham	Additional Rebuttal Testimony, pp. 10-11

## ARTICLE XII

### Renewable Energy Rider

A. Scope. IPL's Renewable Energy Rider shall be limited to the wind

facilities constructed or being constructed as part of New Wind I and New Wind II. With the exception of operation and maintenance expenses attributable to the facilities, items that will flow through the rider will include, consistent with methodology and calculations shown in IPL Michek Direct Exhibit 4 (Final)(E):

1. Pre-tax return on the net investment in plant, accumulated depreciation, and normal plant balance related accumulated deferred income tax (ADIT).
  - a. The pretax return will be calculated based upon the ROE authorized in New Wind I or New Wind II, as applicable, and the 51% equity layer;
2. Pre-tax return on the ADIT asset balance related to PTC carryforwards associated with the New Wind I and New Wind II projects, the return will be calculated as described in Article XI;
3. Income tax flow through benefits or costs applicable to the facilities;
4. Depreciation expense;
5. Property or other non-income taxes applicable to the facilities;
6. MISO capacity market revenue or bilateral capacity sales revenue directly attributable to the facilities; and
7. Revenue requirement credits for PTCs.

B. Term. The Renewable Energy Rider as agreed to in this Settlement will exist until the Board's final order in IPL's next rate review proceeding. In that rate review proceeding, the Parties will have the ability to advocate for a new renewable energy rider, base rate treatment, or any other recovery mechanism to



address the costs and benefits of the assets that will flow through the Renewable Energy Rider as agreed in this Settlement Agreement. Operations and maintenance expenses attributable to the facilities that are forecasted for TY 2020 will be included in base rates.

C. True-Up. The Parties agree that the Renewable Energy Rider shall be trued-up to the in-service dates of the various facilities constructed as part of New Wind I and New Wind II.

D. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Neil E. Michek	Direct Testimony, pp. 37-39 Rebuttal Testimony, pp. 21-28
	David Vognsen	Direct Testimony, pp. 28-41 Rebuttal Testimony, pp. 3-9
OCA	Marcos Munoz	Direct Testimony, pp. 85-95 Rebuttal Testimony, pp. 16-21
	Blake J. Kruger	Direct Testimony, pp. 36-39 Rebuttal Testimony, pp. 11-21
IBEC	Maurice Brubaker	Direct Testimony, pp. 13-17 Rebuttal Testimony p. 11
LEG	Robert J. Latham	Direct Testimony, pp. 17-19 Additional Rebuttal Testimony, pp. 12-13

### ARTICLE XIII

#### Excess Deferred Income Taxes

A. Unprotected EDIT. IPL withdraws its request to use the remaining unprotected excess deferred income taxes (EDIT) associated with the Tax Cuts and Jobs Act of 2017 (Federal Tax Reform) to offset the Retired Meter costs. Instead, IPL will provide to customers, through the Tax Benefit Rider, the

remaining electric retail share of the unprotected EDIT beginning on the date that IPL is permitted to implement final rates in this proceeding and for a period of 12-months following that date. IPL will true-up the Tax Benefit Rider after that 12-month period to ensure that customers were neither under nor over-credited. The delivery of unprotected EDIT to customers will end on the last day of the 12-month period or until the unprotected EDIT balance is zero, whichever occurs first.

B. Protected EDIT. IPL will establish an over/under regulatory account to track any differences between the protected EDIT being returned to customers in this rate review and actual amounts calculated using the Average Rate Assumption Method. In a subsequent rate review proceeding, IPL will assess the balance of the over/under account with respect to the calculations of the appropriate amount of protected EDIT based on the then-applicable rate base, depreciation rates, and tax laws, and make a recommendation as to how to return the over/under regulatory liability account to customers, so as not to create any normalization violations. True ups through this tracker mechanism will reflect the corresponding impact on net investment rate base in order to adhere to normalization requirements.

C. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	William C. Brenner	Direct Testimony, pp. 11-18 Rebuttal Testimony, pp. 24-25
OCA	Blake J. Kruger	Direct Testimony, pp. 92-95 Rebuttal Testimony, pp. 44-45

**ARTICLE XIV**

**Interim Rates**

Solely for the purposes of this Settlement Agreement, and to resolve all issues regarding interim rates, IPL will refund to customers, through the Tax Benefit Rider, \$7,500,000 beginning on the date that IPL is permitted to implement final rates in this proceeding and for a period of 12-months following that date. IPL will true-up the Tax Benefit Rider after that 12-month period to ensure that customers were neither under nor over-credited. The delivery of the refund to customers will end on the last day of the 12-month period, provided, in no event shall IPL refund to customers less than \$7,500,000 during 2020. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Logan D. Ashenfelter	Direct Testimony, pp. 6, 30-59 Rebuttal Testimony, pp. 2-8, 22-23
OCA	Marcos Munoz Blake Kruger	Direct Testimony, pp. 7-13 Direct Testimony, pp. 8-9
IBEC	Greg R. Meyer	Direct Testimony, pp. 18-25 Rebuttal Testimony, pp. 20-23

**ARTICLE XV**

**Performance Pay**

For purposes of this Settlement Agreement only, IPL withdraws its request to include short and long-term variable performance pay in rates in this rate review proceeding.

## ARTICLE XVI

### Rate Design

A. Fixed Amount Bill. For purposes of this Settlement Agreement only, IPL withdraws its proposal for a Fixed Amount Bill tariff.

B. Residential Summer Declining Block Rates. For purposes of this Settlement Agreement only, IPL withdraws its proposal for residential customer declining blocks for the summer season.

C. Energy Adjustment Clause (EAC). For purposes of this Settlement Agreement only, IPL withdraws its proposed updates to the EAC regarding the retention of energy market settlements from renewable energy projects not included in rate base. The Parties do not oppose the updates to the EAC that reflect the recovery of the Duane Arnold Energy Center Contract Termination Buyout payment consistent with the Board's order in Docket No. SPU-2018-0008.

D. Energy Efficiency Cost Recovery (EECR) Rider. For purposes of this Settlement Agreement only, IPL agrees to strike the following sentence from Rider EECR Twenty-Second Revised Sheet No. 60: "Cost recovery factors will be applied to all kilo-Watt hours consumed by the customer and delivered by the Company."

E. Renewable Energy Tariffs. For purposes of this Settlement Agreement only, each Party withdraws its objections to or, if the Party did not file any objections, states its non-opposition to IPL's Community Solar Program, Renewable Energy Partner Program, and Customer Hosted Renewables Pilot Program as clarified within IPL's rebuttal testimony. Specifically, ELPC/IEC agree

to not oppose (and Sierra Club takes no position) on the Community Solar Program, Renewable Energy Partner Program, or Customer-Hosted Renewable Pilot program as proposed in IPL’s rebuttal testimony. IPL agrees to convene at least three stakeholder planning meetings with the Parties within eighteen (18) months of the Board’s order in this case to discuss the initial results and potential changes to the programs, but the Parties recognize that this timeline can be extended based upon the status of the programs. Topics to be discussed shall include, at a minimum, low-income customer access to community solar and the use of aggregated distributed resources as a distribution asset. The Parties agree to consider changes to the programs, at the latest, in IPL’s next rate review.

F. Customer Charge. For purposes of this Settlement Agreement only, each Party withdraws its objections to or, if the Party did not file any objections, states its non-opposition to IPL’s proposed customer charges as clarified in IPL’s rebuttal testimony.

G. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Jason P. Nielsen	Direct Testimony, pp. 1-29 Rebuttal Testimony, pp. 1-26
	Dave Vognsen	Direct Testimony pp. 43-47, 48-49
OCA	Marcos Munoz	Direct Testimony, pp. 77-96
	Seth Davison	Direct Testimony, pp. 41-43, 49-61 Rebuttal Testimony, pp. 11-16
	Ashley Taylor	Direct Testimony, pp. 8-12 Rebuttal Testimony, pp. 3-5

ELPC/IEC	Karl R. Rabago	Direct Testimony, pp. 7-35, 38-41, 45-61 Rebuttal Testimony, pp. 1-13
	William D. Kenworthy	Direct Testimony, pp. 6-44 Rebuttal Testimony, pp. 1-7
	Kerri Johannsen	Direct Testimony, pp. 4-21 Rebuttal Testimony pp. 1-5
LEG	Robert J. Latham	Rebuttal Testimony, pp. 12-15

## ARTICLE XVII

### Subsequent Proceeding

The Parties withdraw their testimony describing proposals for the subsequent review proceeding required under Iowa Code section 476.33(b)(4). The Parties do not waive and expressly reserve their rights to raise any arguments at a later date regarding the subsequent review proceeding.

## ARTICLE XVIII

### Schedules

The attached schedules, included as Attachment A, set forth the specific data used to develop Articles VI and VII. The Parties recognize that the schedules in Attachment A reflect revenue adjustment and operation and maintenance (O&M) expense reductions in amounts to equate the total annual Iowa electric revenue requirement agreed to in Article VI. No Party shall be deemed to have approved, accepted, agreed or consented to any principle or precedential determination as may be displayed on the attached schedules, or be prejudiced or bound thereby in any other current or future proceeding before the Board.

**ARTICLE XIX**

**Interim Rates in Subsequent Rate Review Proceeding**

If IPL files interim rates in conjunction with its next electric rate review filing, IPL agrees to apply a return on equity no greater than 9.5 percent to rate base assets that are not subject to advanced ratemaking principles as part of this Settlement Agreement. The Parties may cite this Article XIX in IPL’s next electric rate review filing to the extent necessary to ensure compliance with the provisions herein. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	Logan D. Ashenfelter	Direct Testimony, pp. 2-7 Rebuttal Testimony, pp. 2-8
OCA	Blake J. Kruger	Direct Testimony, pp. 10-11
IBEC	Marcos Munoz	Direct Testimony, pp. 7-14
	Greg R. Meyer	Direct Testimony, pp. 18-25 Rebuttal Testimony, pp. 7-10

**ARTICLE XX**

**Environmental Attributes**

The Parties agree that, upon the written election by any customer taking service under the Large General Service (LGS) rate or the High Load Factor/Large Volume (HLF/LV) rate (an Electing Customer), IPL shall retire, or retire on behalf of the Electing Customer, through the Midwest Renewable Energy Tracking System (M-RETS) or other comparable process acceptable to the Electing customer, such Electing Customer’s *pro rata* share of the environmental and compliance benefits of New Wind I and II that are not needed by IPL, as

determined in the exercise of IPL's reasonable judgment, to comply with environmental laws. These terms are supported by, among others, the following testimony filed in this case:

Party	Witness	Testimony
IPL	David Vognsen	Rebuttal Testimony, p. 9
IBEC	Maurice Brubaker	Direct Testimony, pp. 19-20

## **ARTICLE XXI**

### **Cooperation**

A. Waivers. To the extent necessary to support this Settlement Agreement, the Parties support any and all waivers from Board rules necessary to effectuate this Settlement Agreement.

B. Effective Date of Rates. The Parties agree to work cooperatively, including in the compliance tariff process, to ensure that rates go into effect on January 1, 2020.

C. No Cross-Examination or Further Discovery. The Parties agree that, prior to or during the contested case hearing in this proceeding scheduled to begin on October 7, 2019 and the contested case proceeding scheduled to begin on November 4, 2019 in Docket No. RPU-2019-0002, they will not conduct further discovery or cross-examine the other Party's respective witness(es) on any issue addressed in this Settlement Agreement. The Parties further agree that they will not conduct further discovery or cross examine the other Party's respective witnesses during the October 7 or November 4, 2019 contested case hearings on any issue addressed herein that is common to both this proceeding and IPL's gas rate review proceeding in Docket No. RPU-2019-0002.



D. Agreement to Support Settlement. The Parties agree to the terms of this Settlement Agreement and agree to represent to others the fairness of the result reflected in this Settlement Agreement. Further, on any issue resolved by this Settlement Agreement on which a Party has not submitted pre-filed testimony in this proceeding, that Party shall be deemed to have taken no position on that respective issue and agrees that, for purposes of this Settlement Agreement only, the Party does not oppose the resolution of that issue as reflected in this Settlement Agreement.

#### **ARTICLE XXIV**

##### **Timeliness of Approval**

In entering into this Settlement Agreement, the Settlement Agreement is now ready for Board review and approval. The Parties request approval of this Settlement Agreement.

Dated this day 3rd day of October, 2019.

Respectfully submitted,

**OFFICE OF CONSUMER ADVOCATE**

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