

STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EPB-2016-0150
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**JOINT MOTION
AND SETTLEMENT AGREEMENT**

The Office of Consumer Advocate (OCA), the Environmental Law & Policy Center (ELPC), the Iowa Environmental Council (IEC) (ELPC and IEC collectively referred to herein as "Environmental Intervenors") and Interstate Power and Light Company (IPL) for their Joint Motion and Settlement Agreement state:

On this 11th day of May, 2017, the OCA, Environmental Intervenors, and IPL, collectively referred to as "Parties", agree to the terms and conditions of this Settlement Agreement and jointly move the Iowa Utilities Board (Board) for its approval of the same. Therefore, in consideration of the mutual agreements set forth herein, the Parties request that the Board issue an order that approves this Agreement and cancels the hearing set for May 17, 2017. The Iowa Department of Natural Resources, also a party to this proceeding according to the provisions of Iowa Code section 476.6(20)"a", is not a party to this settlement agreement.

ARTICLE I
INTRODUCTION

On April 1, 2016, IPL filed with the Board its Emissions Plan and Budget for the period 2017 through 2018. After discovery and filing of testimony concerning

the reasonableness and prudence of IPL's Emissions Plan and Budget, the Parties have negotiated this Settlement Agreement.

ARTICLE II

PURPOSE

The Parties have entered into this Settlement Agreement to resolve all outstanding issues between the Parties in IPL's 2017-2018 EPB ("2017-2018 EPB") and as a fair and reasonable resolution of all the matters and issues raised, without resolving specific issues of law or fact other than those explicitly set out in this Settlement Agreement. Except as described in Article V herein, this Settlement Agreement does not impact the effectiveness of the January 16, 2015, Settlement Agreement between the Parties in Docket No. EPB-2014-0150 that the Board approved in its March 23, 2015 Order in that Docket.

ARTICLE III

JOINT MOTION

The Parties jointly move the Board to immediately issue an order approving this Settlement Agreement in its entirety without condition or modification.

ARTICLE IV

EMISSIONS PLAN AND BUDGET

The Parties agree and stipulate that IPL's 2017-2018 EPB, as amended, complies with Iowa Code § 476.6(20). The role of the Iowa Department of Natural Resources (IDNR) is discussed in Article VII.

The Parties acknowledge that IPL's 2017-2018 EPB includes information regarding projected expenditures that will occur in 2017 and 2018 that are applicable to IPL's emission compliance strategies for the post-2016 period.

Additionally, the Parties acknowledge that IPL's 2017-2018 EPB includes information regarding projected expenditures that will occur after December 31, 2018. The Parties agree that, unless applicable to a multi-year project for which a budget has been proposed in IPL's 2017-2018 EPB, this Settlement Agreement is only applicable to expenditures for the years 2017 and 2018 in IPL's 2017-2018 EPB, and does not bind any Parties regarding post-2018 expenditures in any future Emissions Plan and Budget Updates. This Settlement Agreement shall be applicable to the entire length of the project for multi-year projects subsequently re-addressed in IPL's April 1, 2018 Emissions Plan and Budget, subject to update and Board approval of any changes in the next Emissions Plan and Budget proceeding.

The Parties agree that the 2017-2018 EPB contains projects at Ottumwa Generating Station, which is jointly owned by IPL and MidAmerican Energy Company and which is operated by IPL as the sole operator. The Parties agree that the OGS projects identified in the 2017-2018 EPB are properly before the Board in the above-referenced docket.

The Parties further agree that information presented in section II.B. of the 2017-2018 EPB related to Water and Ash Compliance was provided for informational purposes only and does not bind the Parties regarding any Water and Ash expenditures discussed in that section in any future rate case or Emission Plan and Budget proceedings. The Parties agree that this does not waive any Party's right to include Water and Ash Compliance summaries and expenditures for review and approval in future Emission Plan and Budget filings.

ARTICLE V

ADDITIONAL COMMITMENTS; PERIODIC MEETINGS AND REPORTS

The Parties have agreed upon a series of actions to continue the effective interaction between IPL, OCA, and Environmental Intervenors regarding IPL's ongoing and future management of regulated emissions. Those actions are described below.

Additional Commitments by IPL

IPL has agreed to the following Additional Commitments regarding renewable energy projects:

- IPL will agree to install a battery energy storage system (BESS) coupled with the development of a renewable energy source in IPL territory.
- IPL will investigate and, if IPL determines it to be in the interest of customers and the company, make a good faith effort to file by the end of 2017 for regulatory approval for up to 400 MW of additional wind generation. Should IPL determine to not file for the up to 400 MW of additional wind generation, IPL shall meet with the Parties to discuss and provide to the Parties IPL's reasons and analyses and allow for reasonable follow up questions from the Parties related to the decision.

The Parties recognize that, despite IPL's best efforts, situations may arise from time to time that impact IPL's ability to fully or timely perform any one of the Additional Commitments under this Agreement due to force majeure. For purposes of this Agreement, force majeure is defined as any event arising from a cause beyond the reasonable control of IPL that delay or prevent the

performance of the Additional Commitment despite IPL's best efforts to fulfill the obligation. Force Majeure may include a material change to federal, state or local law that prevents the installation of the BESS or impacts the development of additional wind resources.

Periodic Meetings

The Parties agree to continue to meet semi-annually ("Periodic Meetings") related to IPL's 2017-2018 EPB through the term of this Settlement Agreement. The Periodic Meetings shall cover, at a minimum, the following topics:

- Actions taken by IPL to implement its approved Emission Plan and Budget since the filing of the 2017-2018 EPB;
- Changes in state and federal environmental regulations;
- Relevant regulatory proceedings;
- Emissions control of coal plants in service in 2001; and
- Proposed emissions control measures;
- Updates to resource planning, if applicable, related to specific facilities included in the EPB.

In addition, IPL agrees to use its reasonable efforts to inform the Parties of regulatory changes, should those changes arise during the time between Periodic Meetings, which IPL reasonably anticipates would have material effect on IPL's strategy for controlling emissions.

The Parties recognize that IPL is entitled under Iowa Code § 476.6(20) to file an update to its Emissions Plan and Budget at any time and that the topics discussed at any Periodic Meeting conducted between the Parties and any

information exchanged pursuant to this provision are for the purposes of evaluation only and not determinative in any way of improvements that IPL may choose to make as part of its Emissions Plan and Budget updates. The Parties may make reasonable requests for information related to emissions control of coal plants in service in 2001 to be discussed at the periodic meetings, but this does not entitle Environmental Intervenors to ongoing discovery.

Prior to the filing of the next Emission Plan and Budget in April 2018, the Parties shall hold a pre-filing meeting (“Pre-filing Meeting”) to discuss the potential scope of the next Emission Plan and Budget that will be filed on April 1, 2018. The Pre-Filing Meeting discussion shall include the scope of the projects to be included in the 2018 filing, the format of the filing and initial topics that may be the subject of further review by OCA or the Environmental Intervenors. Additionally, the Pre-filing Meeting and any Periodic Meetings shall include a resource planning discussion related to facilities to be included in the EPB, which may include topics such as load forecasts, cost assumptions, sensitivities, scenarios, modeling, and the treatment of jointly owned facilities that are included in the EPB. In relationship to any resource planning in support of the 2018 EPB filing, the Parties agree to discuss whether improvements to resource planning are necessary, including how energy efficiency, energy storage, and customer-sited renewables are treated in the resource planning process. The Parties agree to respond in good faith to reasonable follow up questions and requests, and if a Party does not find a follow up question or request reasonable it will engage in timely follow up discussion to appropriately modify the question or request. Nothing herein shall

oblige IPL to modify or update its resource planning or to perform additional resource planning. The requirement to have a Periodic Meeting or the Pre-Filing Meeting may be waived by mutual agreement of the Parties.

To the extent that the Parties have any issues or disputes regarding IPL's implementation of its Emissions Plan and Budget based on IPL's Periodic Meetings, the Parties will attempt to resolve any such implementation issues or disputes among themselves before seeking relief from the Board.

Periodic Reports

In order that IPL takes all reasonable actions to minimize cost incurrence with consideration of the benefit to the customers under its 2017-2018 EPB, IPL agrees to file periodic reports every 12 months with the Board, the OCA and the Environmental Intervenors (Periodic Reports), with the first report filed within 12 months of IPL filing its proposed 2017-2018 EPB. The Periodic Reports will summarize the actions taken by IPL to implement its approved Emissions Plan and Budget since the filing of its 2017-2018 EPB. The Periodic Reports will explain how IPL's actions are reasonable and prudent, and minimize cost incurrence, under IPL's approved Emissions Plan and Budget. Notwithstanding the above, IPL will not be required to file a Periodic Report in 2018, so long as IPL includes an update of the 2017-2018 EPB in its application for approval of the subsequent 2019 through 2020 Emissions Plan and Budget, filed in 2018. The format for the Periodic Reports is set forth in Exhibit 1. The reporting process described in this Article shall

supersede the reporting processes outlined in previous EPB settlement agreements between IPL, OCA and Environmental Intervenors.¹

Future Emission Plan and Budget Filings

The Parties agree that routine operations and maintenance expenses unrelated to emissions control shall not be eligible for inclusion in any Emissions Plan and Budget or any update thereto.

ARTICLE VI

TERM

The term of this Settlement Agreement commences from the date of its approval by the Board through and including December 31, 2018.

ARTICLE VII

IDNR

Nothing contained in this Settlement Agreement is intended in any manner or to any extent to interfere with the IDNR carrying out its responsibilities under Iowa Code §476.6(20) in this proceeding. In addition to the prepared direct testimony filed on December 2, 2016 in this proceeding, IDNR is free to file testimony, exhibits, conduct cross examination and fully participate in all aspects of this proceeding as IDNR deems appropriate.

¹ The reporting processes in previous EPB settlements include: Article V of the April 13, 2005, Settlement Agreement between the parties in Docket No. EPB-03-150, in Article V of the August 22, 2006, Settlement Agreement between IPL and OCA in Docket No. EPB-06-150, in Article V of the September 22, 2008, Settlement Agreement between IPL and OCA in Docket No. EPB-08-150, Article V of the August 10, 2010, Settlement Agreement between IPL and OCA in Docket No. EPB-2010-0150, Article V of the November 5, 2012 Settlement Agreement between IPL and OCA in Docket No. EPB-2012-0150 and Article V of the January 16, 2015 Settlement between IPL and OCA in Docket No. EPB-2014-0150.

ARTICLE VIII

CONDITION PRECEDENT

The Settlement Agreement shall not become effective for the purposes of resolving all issues between the Parties unless and until the Board approves the same in its entirety, without condition or modification.

ARTICLE IX

PRIVILEGE AND LIMITATION

This Settlement Agreement is made pursuant to Iowa Code § 17A.10 and 199 IAC 7.2(11). The Settlement Agreement shall become binding upon the Parties upon its execution; provided, however, that if this Settlement Agreement does not become effective in accordance with Article VIII above, it shall be null, void, and privileged. This Settlement Agreement is intended to relate only to the specific matters referred to herein; the Parties do not waive any claims or rights which they may otherwise have with respect to any matter not expressly provided for herein.

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EXHIBIT 1²

- I. Emissions Plan and Budget Line Item (reference to Appendix __, page __):
 - A. **Implementation to Date:** (Narrative Description of actions/progress to date – future filings would describe incremental activity since last report.)
 - B. **Affirmative Actions Taken by Interstate Power and Light Company (IPL) to Minimize Cost Incurrence:** (Information to be included should address competitive bidding process for key components and services purchased from outside vendors (or explanation as to why item is sole-sourced) and reconciliation of budget amounts to actuals (including an explanation of any material deviations).)
 - C. **Affirmative Actions Contemplated by IPL During Next 12 Months:** (Narrative description of actions and anticipated progress during next 12 months.)
- II. [Next Line Item (reference to Appendix __, page __)]

² To be filed on a "Confidential" basis.