STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE: **INTERSTATE POWER AND LIGHT COMPANY**	**DOCKET NO. RPU-2019-0001**

REPLY BRIEF OF THE DECORAH AREA GROUP

COMES NOW, the Decorah Area Group ("***DAG***") and files the following Reply Brief.

I. THE SETTLEMENT MUST BE MODIFIED TO RENDER IT REASONABLE, JUST AND NON-DISCRIMINATORY AND THE BOARD HAS THE POWER TO DO SO.

As discussed in DAG's Initial Brief, the settlement in this case, as proposed, does not result in just, reasonable and non-discriminatory rates, as is required by law. DAG does not intend to reiterate the evidence and argument presented in its Initial Brief, but instead incorporates such references and arguments herein. In this brief DAG wishes to emphasize that under the applicable review standard and Board precedent, modification of the settlement is reasonable.

While the Board has stated that the settlement must be reviewed as a whole, it is also true that in reviewing a settlement, the Board must look at each contested issue in the case and determine whether the substantial evidence supports the settlement as to that issue when the settlement is looked at as a whole. If in undertaking such review, the Board believes that the settlement proposed as to one or more issues is not supported by the evidence or is unreasonable in some other respect that tends to impact the overall settlement, the Board has the authority to modify the settlement – or even reject it in its entirety. Even IPL recognizes the Board's view that "the Board retains the ability to review the record evidence on individual issues and seek

modifications to individual components of the settlement if it feels that such modifications are necessary." See, IPL Initial Post-Hearing Brief, p. 10, citing Re: MidAmerican Energy Co., Docket No. RPU-2013-0004, "Order Approving Settlement with Modifications and Requiring Additional Information" (Iowa U.B. July 10, 2014). The Board has in fact modified many settlement agreements over the years, when it did not agree that certain of the settled issues in a particular case would result in just and reasonable rates. See, e.g., Re: Interstate Power & Light Co., Docket No. RPU-2016-0005, "Order Cancelling Hearing and Approving Settlement subject to Modification and Reporting Requirements" (Iowa U.B. Oct. 25, 2016); Re: MidAmerican Energy Co., Docket No. RPU-2014-0002, "Order Approving Settlement with Modifications" (Iowa U.B. Feb. 6, 2015); Re: MidAmerican Energy Co., Docket No. RPU-2013-0004, "Order Approving Settlement with Modifications and Requiring Additional Information" (Iowa U.B. July 10, 2014); Re: MidAmerican Energy Co., Docket No. RPU-01-3, RPU-01-5, "Order Approving Settlement with Modifications" (Iowa U.B. Dec. 21, 2001).

DAG is not asking the Board to reject the proposed settlement in its entirety and or to reject it because it is non-unanimous, but to modify it in the respects outlined in DAG's Initial Brief and in this Reply Brief. Such modifications are necessary to arrive at just, reasonable and non-discriminatory rates in this case. The remainder of this Reply Brief will address the primary reasons for the requested modifications.

II. IPL's CONTINUING EFFORTS TO MISREPRESENT THE IMPACT OF THIS RATE CASE, ITS MISREPRESENTATIONS DISCUSSED BY OTHER PARTIES IN THIS CASE AND ITS DISHONESTY IN THE DECORAH MUNICIPALIZATION EFFORT SHOW THAT IPL IS SIMPLY NOT TRUSTWORTHY IN ITS DEALINGS WITH THIS BOARD AND IPL'S CUSTOMERS. SUCH BEHAVIOR MUST BE DEALT WITH BY THE BOARD BY ORDERING A REDUCTION TO THE SETTLED RETURN ON EQUITY.

The evidence put forward by DAG and other parties shows that IPL has since the very beginnings of this case attempted to disguise its intentions respecting this case and its future rate case plans.[1] Given that evidence, one might think it simply unbelievable that IPL would lead off its Initial Brief attempting once again to mislead the Board, customers and the public concerning the magnitude of its requested rate increase and the impact of that rate increase on its customers. However, in the context of IPL's behavior in this case, one can only conclude that it is consistent, brazen and disrespectful to the Board and IPL's customers.

Incredibly, IPL claims on the very first pages of its Post-Hearing Brief that the Settlement will result in only a $3 million increase in 2020 and that in 2021 its customers' bills will only be $2 million more than in 2018. Apparently, IPL thinks if you repeat an untruth often enough, people will start to believe it. IPL's "evidence" is what has to be the most confusing and misleading exhibit in the history of rate cases – the so-called "waterfall exhibit". The only purpose of the waterfall exhibit is to obscure the facts of this case. In fact, the result of the settlement in this case is that customer rates will go up by $126,741,000 over rates in effect in 2018 (rather than by the $203,575,597 request originally made by IPL).[2] Let's be honest about that.

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[1] That evidence was laid out detail in DAG's Initial Brief. See also, OCA Prehearing Brief, p. 67 and testimony cited therein; IBEC Brubaker Direct Testimony.

[2] See, Settlement Agreement, p. 1; IPL's November 7, 2019 Response to the Board's November 1, 2019 Order Requesting Further Information, Tables 3 and 4.

Let's also be honest about the reason for the reductions in IPL's revenue requirement ask in this case: Based upon the Board's precedents and IPL's own strategic planning assumptions, IPL's original ask was seriously bloated. The table below sets out IPL's major claimed monetary "concessions" and what DAG asserts is the real reason underlying each IPL "concession":

IPL's claimed "concession"	**The real reason for the "concession"**
Eliminate CWIP from Rate Base	IUB's long-standing precedent is to disallow inclusion of CWIP in Rate Base[3]
Eliminate inclusion of retired meters as a regulatory asset	IUB's long-standing precedent is to disallow recovery on assets that are no longer used and useful in providing service to customers[4]
Eliminate unprotected EDIT from rate base	Unprotected EDIT must be refunded in any event per Board order based on the Tax Cuts and Jobs Act of 2017 ("***TCJA***")[5]
Decrease equity layer from 53% to 51%	No concession at all – exactly what IPL planned[6]
Decrease ROE to 9.5%	There has never been a rate case decision in Iowa in which the applicant was awarded its requested ROE.
Eliminate performance pay as an operating expense	IUB long-standing precedent has disallowed performance or incentive pay to be included in operating expense[7]
Eliminate amortization of retired meters from operating expense	IUB precedent disallows recovery of assets that are no longer used and useful[8]
Eliminate forecasted operating expense	IUB precedent disallows speculative O&M increases[9]

3 See, e.g., Re: Iowa Public Service Co., 1982 WL 993176, 46 PUR 4th 339, 344 (Iowa S.C.C. 1982); Re: Iowa Power & Light Co., 1977 WL 438037, 20 PUR 4th 397 (Iowa S.C.C. 1977);

4 See, Re: Iowa-Illinois Gas & Electric Co. v. Iowa State Commerce Comm'n, 347 N.W.2d 423 (Iowa 1984); Re: Iowa Public Service Co., 1982 WL 993176, 46 PUR 4th 339, 344 (Iowa S.C.C. 1982); Re: Iowa Power & Light Co., 1984 WL 1022177, 59 PUR4th 599 (Iowa S.C.C. 1984).

5 See, In re: Tax Cuts and Jobs Act of 2017, "Order Closing Docket", Docket No. INU-2018-0001 (Iowa U.B. Apr. 1, 2019); Re: Interstate Power & Light Co., Docket Nos. INU-2018-0001, TF-2018-0038 "Order Approving Proposal and Tariff", p. 8 (stating, "Interstate Power and Light Company shall address the treatment of excess accumulated deferred income tax in its next general rate case.")(Iowa U.B. Apr. 27, 2018).

6 See, DAG Martin-Schramm Surrebuttal CONFIDENTIAL Exhibit 15, p. 12.

7 See, Re: Iowa Power & Light Co., 1988 WL 391420, 92 PUR 4th 299 (Iowa U.B. 1988); Re: Interstate Power & Light Co., Docket No. RPU-2009-0002 (Iowa U.B. 2010); Re: Interstate Power & Light Co., 2018 WL 68125250 (Iowa U.B. 2018) (approving settlement which eliminated performance pay).

8 See, cases cited in n. 4, supra.

9 See, Re: Iowa Public Service Co., 1988 WL 391126, 94 PUR 4th 239 (Iowa U.B. 1988); Re: Iowa-Illinois Gas & Elec. Co., 1992 WL 221381 (Iowa U.B. 1992).

Another "concession" touted by IPL reduced the carrying cost for the production tax credit ("***PTC***") carryforwards associated with New Wind I and II. This "concession" recognizes that: 1) IPL seriously overstated the capacity value of New Wind I and II in each of those cases, thus calling into question whether the Board should have approved those projects in the first instance;[10] and 2) IPL essentially concealed its net operating loss ("***NOL***") position, and its resultant inability to immediately use the PTC's to offset the cost of those projects.[11] The "concession" recognizes the very real possibility that the Board might well deny IPL's PTC proposal. The long and short of it is that IPL's originally-proposed revenue requirement was intentionally bloated for the sole purpose of allowing it to negotiate a settlement that would result in the revenue requirement that it was willing to take in the first place.

IPL's continuing claim that it is providing dollars that will "offset" its $127 million rate increase, out of the goodness of its heart to soften the blow of that rate increase for its customers, is disingenuous to say the least. The claimed "offsets" are: 1) the refund over 12 months of approximately $9 million in excess interim rates: 2) reduced energy efficiency costs; 3) EDIT refunds; and 4) elimination of the DAEC PPA. The fact is, however, that apart from the refund of excess interim rates, not one of these "offsets" has anything to do with this case or represents a meaningful "compromise" on the part of IPL.

The evidence shows that IPL's original interim rates were inflated, not based upon previously established regulatory principles and reflected a ROE that was not justified by current market conditions.[12] As to the reduction in energy efficiency costs, this is the product of a legislative effort, led by IPL in the 2018 legislative session, that essentially gutted Iowa's energy

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[10] See, LEG Latham Direct Testimony, pp. 15-19; LEG Latham Rebuttal Testimony, pp. 11, 17.

[11] See, OCA Prehearing Brief, pp. 38-39 and testimony cited therein; LEG Latham Rebuttal Testimony, pp. 10-11; IBEC Brubaker Direct Testimony, pp. 4-8.

[12] See, OCA Prehearing Brief, pp. 4-11 and testimony cited therein; IBEC Prehearing Brief, pp. 6-7 and testimony cited therein.

efficiency programs to the severe detriment of IPL's captive customers – those with the least power and those who are most unable to afford energy efficiency measures without the assistance formerly provided by the programs that have been cut.[13] For IPL to crow about those cuts and use them to mask the true effect of this rate case on those very same customers is nothing short of unconscionable. As discussed above, both the unprotected and protected EDIT funds belong to IPL's customers and are required to be refunded under this Board's prior orders issued as a result of the TCJA.[14] IPL could have demonstrated leadership and retuned these funds through refunds or rate reductions long ago, as many utilities around the country have. That they are being flowed back to ratepayers now has nothing to do with IPL's largesse or any effort to mitigate the impacts of this rate case. They are being flowed back in accordance with legal requirements and this Board's orders.[15] Finally, the elimination of the DAEC PPA has absolutely nothing to do with this case and in any event will not occur until well after the rates being decided in this case go into effect. The attempt to link that event to the rate increase in this case is nothing more than subterfuge. The Board should forbid IPL from engaging in that subterfuge further.

The Board refused to allow IPL to mask the effects of this case on its customers by including these "offsets" in its customer notices at the beginning of this case. It should prohibit IPL from doing so now or after this case. The Board recently required IPL to make filings showing the true impact of this case.[16] IPL's customers need to know what that impact is, i.e.,

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13 See, DAG Johnson Direct Testimony, pp. 11-13.

14 See, supra, n. 5.

15 See, In re: Tax Cuts and Jobs Act of 2017, "Order Closing Docket", Docket No. INU-2018-0001 (Iowa U.B. Apr. 1, 2019); Re: Interstate Power & Light Co., Docket Nos. INU-2018-0001, TF-2018-0038 "Order Approving Proposal and Tariff", p. 8, (stating, "Interstate Power and Light Company shall address the treatment of excess accumulated deferred income tax in its next general rate case.")(Iowa U.B. Apr. 27, 2018).

16 Re: Interstate Power & Light Co., Docket No. RPU-2019-0001 "Order Requiring Additional Information" (Iowa U.B. Nov. 1, 2019). IPL's Response was filed on November 7, 2019.

a base electric rate increase of 15.44% for each residential customer, 10.69% for small businesses, and 15.38% for large customers all in addition to significant rate increases in 2018.[17] The fact is that IPL's customers are going to experience large increases in their bills and they are going to feel those increases sooner than later. Those customers deserve the truth, not candy-coated IPL spin, so that they can prepare to deal with the consequences of this case now.[18]

The evidence produced by other parties in this case also shows that IPL is not trustworthy. The most egregious examples are:

- IPL's concealment of its net operating loss position and the negative impact on its ability to timely utilize PTCs associated with its wind generation projects. See, OCA Prehearing Brief, pp. 38-39 and testimony referenced therein; LEG Latham Rebuttal Testimony, pp. 10-11; IBEC Brubaker Direct Testimony, pp. 4-8.

- IPL's misrepresentation of the capacity credit that it could expect from the New Wind projects. See, LEG Latham Direct Testimony, pp. 15-19; LEG Latham Rebuttal Testimony, pp. 11, 17.

- IPL's failure to disclose its plans to underground distribution lines in its direct case. See, OCA Prehearing Brief, p. 27 and the testimony discussed therein.

- IPL's failure to conduct an appropriate study prior to implementing its AMI program, as it had committed to the Board that it would. See, OCA Prehearing Brief, pp. 17-19 and the testimony discussed therein.

- IPL's exaggerated assumptions related to its likely future transmission costs. See, ITS Initial Post-Hearing Brief and testimony discussed therein.

More examples are cited in OCA's testimony and briefs, but suffice it to say that the substantial evidence in the record shows clearly that IPL is not and has not been honest with the Board in this case. However, that lack of honesty is not limited to this case.

The most personal example of IPL's dishonesty in dealing with its customers comes from the Decorah municipalization effort. DAG's Initial Brief and the testimony and exhibits

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17 See, IPL Settlement Exhibit 4, Sch. B.

18 Many of the governmental entities that filed comments in this case reported that IPL's rate increase would significantly impact their annual budgets that had been filed with and authorized by the state.

discussed therein showed clearly that IPL misled its Decorah customers about its then-current and future plans for rate case timing and increases. See, DAG Initial Brief, pp. 22-26; DAG Berg Direct Testimony, pp. 12-15; DAG Berg Direct Exhibits 7, 8; DAG Martin-Schramm Surrebuttal Testimony, CONFIDENTIAL VERSION, pp 8-9, 11-13; DAG Martin-Schramm Surrebuttal CONFIDENTIAL Exhibit 2, p. 15; DAG Martin-Schramm Surrebuttal CONFIDENTIAL Exhibit 7 (Attachment C, p. 1); DAG Martin-Schramm Hearing Testimony, Hearing Transcript, Vol. II, pp. 442-44. IPL's dishonesty clearly influenced the outcome of that process. See, Hearing Transcript – Public, Vol. II, p. 444. More important, IPL's behavior was a clear and intentional subversion of the democratic process. DAG has raised this issue not to have the Board inject itself into the municipalization process but to show the Board that IPL cannot be trusted to deal honestly with the Board and IPL's customers. Credibility and candor in IPL's dealings with the Board and its customers is a basic requirement. Lack of credibility and outright misrepresentation subvert the Board's regulatory process.

IPL's actions before and during this case show that IPL is not credible. It intentionally bloated its proposed revenue requirement to allow it to negotiate a settlement that would result in a revenue requirement that it was willing to take all along. It attempted to mask the effect of its rate increase request by claiming "offsets" that have nothing to do with this case and continues to do so at the Board and in other public forums. It has and continues to misrepresent or omit important facts to subvert this Board's processes (and in the case of Decorah, the democratic process). The Board must hold IPL responsible for behavior that meets neither the letter nor the spirit of what is expected of regulated utilities granted captive customer bases in this state.

Iowa Code § 476.52 authorizes the Board to assess a penalty for management inefficiency. The purpose of a management inefficiency penalty is to provide an incentive to the utility to correct its inefficiency. The penalty can take the form of a reduction in the level of

profit the utility is authorized to earn or an adjustment to the utility's revenue requirement. Clearly, a utility that is not credible or trustworthy is not a utility that is being operated in an efficient manner. The evidence in this case, provided by DAG and others, shows that IPL is not credible or trustworthy. Accordingly, the Board has the authority to, and must, assess IPL with a management efficiency penalty. DAG has recommended that the Board reduce IPL's ROE by a substantial amount in order to get IPL's attention and incentivize it to change. As stated in DAG's Initial Brief, DAG will leave the precise amount to the Board to determine.

III. THE BOARD SHOULD REJECT OR MODIFY OTHER SETTLED ISSUES TO RENDER THE SETTLEMENT MORE REASONABLE.

A. Renewable Energy Rider (*"RER"*)

DAG opposes the RER because, although it applies only to New Wind I and New Wind II, and is subject to change or elimination in IPL's next rate case, it sets a bad precedent. See, DAG Initial Brief, p. 32. The primary advantage of the RER is to IPL – i.e., the ability to avoid a full rate case in order to put the New Wind projects into rate base when they go into service. Instead, IPL can simply flow the costs through automatically. However, advance ratemaking principles ("***ARP***") proceedings do not generally address need or prudence in detail and renewables generally are not subject to certificate of need proceedings. Thus it is only in a rate case that the prudence of such projects can be examined. The RER eliminates that prudence review, and that works to the detriment of IPL's customers. Id.

IPL's Updated Confidential Hearing Exhibit 11 shows that the RER results in very little benefit to customers. Nonetheless, IPL seeks to justify the RER by claiming that it is transparent and subject to true-up and that it "provides the opportunity to delay a future rate increase filing." See, IPL Initial Post-Hearing Brief, p. 18. However, IPL has not committed to staying out of a rate case for any period of time in exchange for the RER. Moreover, given that ***Alliant is projecting over $5.3 billion in capital expenditures between 2019 and 2022 and another $6***

billion between 2023 and 2027, the likelihood of IPL staying out of a rate case is slim. See, Alliant Energy, "Powering Beyond", presentation for the Guggenheim Investor Meetings, slides 14, 15 (June 4, 2019).[19] Thus, there is simply to justification for the RER, other than to limit the ability of the Board and IPL customers to review the prudence of the Company's generation projects. For all of these reasons, the Settlement Agreement should be modified to reject the RER.

B. Customer Charge

DAG does not object to a customer charge at some level, but believes that IPL's proposed $13 customer charge is unreasonable. However, the customer charge proposed by IPL in this case, combined with that approved by the Board in IPL's last rate case, would result in a **24%** increase over three years (i.e., from $10.50 to $13.00). See, DAG Initial Brief, pp. 33-34.

IPL takes issue in its Initial Post-Hearing Brief (pp. 24-25) with DAG's position that "customer charges discriminate against low-income customers because . . . they use less energy and thus an increase in the fixed charge hits them disproportionately hard." In so doing, IPL takes issue with a study that uses data from the Energy Information Agency ("***EIA***") that shows that low-income customers from Iowa, Minnesota, North Dakota, and South Dakota use less energy than non-low-income households. IPL admits that the EIA data shows that "for those four states, the average annual usage for customers at or below the 150 percent poverty line is 8,198 kWh." IPL then states that, "IPL's Residential customer class, independent of income level" uses 9,072 kWh. Clearly, EIA data show that these customers use less. DAG submits that IPL is actually making DAG's point. In addition, neither IPL nor DAG can separate out the data

[19] Found on the Alliant Energy website at: chrome-extension://oemmndcbldboiebfnladdacbdfmadadm/https://alliantenergy.gcs-web.com/static-files/ebacc927-b545-4a2c-9b48-41197052c8f4

for the four states and, it is possible that Iowa customers below 150 percent of poverty level use even less than the average for the four states.

Furthermore, IPL ignores other data sources used by DAG to show low-income customers use less energy. The studies ignored by IPL include a recent Lawrence Berkley Lab publication that states: "Higher fixed charges may disproportionally burden low-income households, which also tend to be lower-usage customers." See, DAG Osterberg Direct Testimony, p. 16, n. 12. In addition, a report by the Iowa Policy Project found that, based upon use per square foot of living space, LMI (low and moderate income) customers consume more than the average electricity since their electric-using equipment is less efficient, but their total energy use is still less because low-income customers tend to live in smaller homes and apartments. See, DAG Osterberg Direct Testimony, p. 16, n. 13.

For all of these reasons DAG continues to contend that increasing the fixed charge punishes low use customers and especially LMI or low-income customers. The customer charge should be lowered, not increased.

C. PTC Carryforwards

Although IPL's PTC carryforward proposal is modified by the settlement to, among other things, reduce the carrying charge, DAG continues to assert that better tax planning would have resulted in no cost to ratepayers associated with the PTCs. Moreover, as discussed previously in this brief, IPL essentially concealed its NOL position and the impact it would have on IPL's ability to immediately take advantage of the PTCs. Had IPL been more forthcoming in that regard, we likely would not be facing this issue in this case. DAG thus proposes that the Board disallow the PTC settlement or significantly reduce the associated carrying charge.

D. Resource Planning, Communication and Grid Projects

DAG has objected to the settlement on these issues. DAG has proposed that the resource planning process be a formal one to be conducted by the Board and covering all of IPL's generation resources, including those co-owned with MidAmerican. See, DAG Initial Brief, pp. 30-31. Even if the Board decides not to open its own docket, DAG believes that all stakeholders – not just the settlement parties – should be able to participate in the process. IPL now states that it is "open to requests of other entities to participate in this planning process *if their views are not already represented by Settling Parties*." See, IPL Initial Post-Hearing Brief, p. 20, fn. 60. DAG asserts that its views are unique to it and are not represented by the other Settling Parties. Therefore, DAG asks the Board to order IPL to include DAG and all other interested parties in the resource planning process.

DAG's position is the same with respect to the other collaborations envisioned by the Settlement Agreement. Those collaborations should include all interested stakeholders, including DAG.

IV. THE BOARD SHOULD REJECT IPL'S REGIONAL TRANSMSSION SERVICE ("*RTS*") RIDER BECAUSE IT SUBVERTS THE NET BILLING TARIFF, DOUBLE CHARGES FOR TRANSMISSION, AND IS AN ATTEMPT TO DISSUADE CUSTOMERS FROM INVESTING IN SOLAR POWER.

DAG continues to object to the RTS Rider, as do OCA and ELPC/IEC. See, DAG Initial Brief, pp. 34-39; OCA Initial Brief, pp. 16-17; ELPC/IEC Initial Post-Hearing Brief, pp. 3-9. All of these parties assert that IPL's RTS rider is an attempted end-run around the net metering pilots that are ongoing by the Board and around the Iowa legislature, which soundly rejected net metering tariff proposals by Iowa's utilities in its 2019 session. They also agree that the RTS is discriminatory. DAG and ELPC/IEC in addition, provide extended analysis and examples of how the proposed RTS works and results in double charging customers for transmission. All of

these parties ask the Board to reject the RTS tariff and to continue to evaluate net metering as a part of the pilot process.

IPL's arguments for the RTS are weak, to say the least. IPL claims that because all rates affect DG customers, the Board is not bound to consider the RTS tariff in the net metering pilot docket. See, IPL Initial Post-Hearing Brief, p. 45-46. The net metering pilot tariffs are altogether different from the run-of-the-mill tariff that is proposed by a utility. The Board itself ordered the net metering pilots, and the tariffs associated with those pilots, to remain in place for a fixed period of time. The establishment of a net metering/net billing tariff with a consistent value over a defined period of time (in this case the life of the equipment, or 25 years) recognizes the need of DG customers to have a degree of certainty in the returns on their investment, just as utilities are granted a degree of certainty in the returns on their investments. The net metering/net billing tariffs and the pilots should only be modified after consideration of all of the information gathered during the pilots, and any adjustments made at that time should apply only to new customers going forward. IPL's attempt to circumvent that process and subvert the net metering/net billing tariffs must be rejected.

The rest of IPL's arguments are simply more attempts at confusion and obfuscation. IPL states that DAG (and ELPC) misconstrues the RTS as applying to behind-the-meter production. This is not true, as clearly explained in DAG's Initial Brief and as Mr. Osterberg explained at hearing. IPL states that "all kilo-watt hours flowing from the grid to the customer" … "are power provided by IPL generator resources and require the use of the transmission system to reach the customer." This is also not true, as the vast majority of net metered/net billed energy fed into the distribution grid by DG customers serves the nearest neighbor, and never utilizes the transmission system. As explained in DAG's Initial Brief, IPL's RTS change would result in charging two separate transmission fees on just one unit of energy generated by the Company

and delivered from the transmission system to the customer. Finally, IPL states that DG customers utilize "instantaneous power" when starting their air conditioning, which is simply comparing apples to oranges in an attempt to obfuscate the unreasonableness of its RTS proposal. It does not change the reality that almost all net metered/net billed energy serves the nearest distribution system. It is not energy that "IPL generates and moves through the transmission system."

IPL proposes in this case to revise the RTS to apply the tariff to energy "consumed by the customer and delivered by the company." While IPL clearly wishes it were otherwise, the fact is that not all energy delivered by IPL is generated by the Company or utilizes the transmission system. The evidence produced by DAG, OCA and IPL shows very clearly that IPL's RTS is an illegal subversion of the net metering/net billing tariffs and pilots, would double charge transmission fees on net metered/net billed energy, is intended to dissuade customers from owning DG and is discriminatory. The RTS should be rejected.

V. IPL'S RENEWABLE ENERGY PROGRAMS SHOULD BE APPROVED ONLY AS PILOT PROJECTS, IF THEY FULLY VALUE AVOIDED TRANSMISSION COSTS, IF THE STAKEHOLDER PROCESS IS OPEN TO ALL, AND IF THE BOARD ALSO ORDERS AN INDEPENDENT VALUE OF SOLAR STUDY THAT WILL BE USED TO INFORM WHETHER AND HOW THOSE PROJECTS MAY CONTINUE INTO THE FUTURE.

DAG's evidence in this case recognizes potential value in IPL's proposed renewable energy programs, but considers them significantly flawed and designed more to serve the interests of the Company than those of customers and communities interested in investing in renewable energy on just and reasonable terms. Accordingly, DAG has request that the Board approve those proposed renewable energy programs only as pilots that fully value avoided transmission costs and if the Board orders an independent value of solar study ("***VOS***") to be

used to determine whether and how the projects should be continued into the future. See, DAG Initial Brief, pp. 41-44.

IPL has not addressed DAG's evidence or its proposal in any way. DAG asserts for this reason alone, the Board should do as DAG has requested. The stronger reason is that DAG's proposal makes sense and it is timely. DAG's witness on this subject, Warren McKenna, is the foremost authority on solar projects and on valuing those projects. Mr. McKenna studied IPL's proposed programs and determined that they were designed more to provide value to IPL than to the program participants.

Mr. McKenna concluded that IPL's program methodology does not value solar appropriately. Based on the proposed location of IPL's community solar project, all the energy, even from a 3 MW project, will serve local needs. The metro area adjacent to the proposed field has a demand many times the capacity of the proposed project. Energy produced at the proposed community solar site will export energy only to the local distribution grid. Id., p. 8. Accordingly, IPL's valuation methodology should, at a minimum, include avoided transmission expenses, and full market energy pricing should be included. Id., p. 9. IPL's objection to including avoided transmission costs is without merit. Id. When load diversity is considered along with the aggregation of distributed generation resources, those distributed generation resources become significant enough to lower substation demand and IPL coincidental demands that are used to determine wholesale energy transmission costs. Customers should see the benefit from any potential reduction in these costs. See, McKenna Surrebuttal, p. 3.

Mr. McKenna also found IPL's programs flawed because:

- They do not account for and reflect the value of the renewable energy credits in the renewable energy credit ("***REC***") calculations and they do not give customers/participants the option of retaining the RECs, or getting a bill credit for the RECs (in which case the utility would own and market them). Id., pp. 7-8.

- The buy-in or subscription cost of community solar does not reflect the actual cost to build the project, and that cost should not be rate-based by IPL, nor should IPL earn any ROE on the capital cost. Id., pp. 8-9.

- IPL did not include provisions for LMI or otherwise disadvantaged customer participation. Id., p. 9.

For all of these reasons, DAG asks the Board to approve the proposed renewable programs as pilots, that avoided transmission costs be included, that the stakeholder process be open, and that the Board order an independent VOS study be done and its results be used to determine whether and to what extent the renewable energy programs will continue.

VI. CONCLUSION.

To the extent that DAG has not addressed some issues in this Reply Brief, it incorporates herein its discussion of those issues in its Initial Brief. For the reasons set forth in the foregoing Reply Brief and in DAG's Initial Brief, DAG urges the Board to modify the Settlement Agreement in the respects outlined in its briefs as supported by the substantial evidence in this case. Only then will the settlement result in just, reasonable and non-discriminatory rates.

Dated this 18th day of November 2019.

Respectfully submitted,

By ***/s/ Sheila K. Tipton***

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