



Alliant Energy
200 First Street SE
P.O. Box 351
Cedar Rapids, IA 52406-0351

1-800-ALLIANT (800-255-4268)
alliantenergy.com

February 13, 2018

Chad Bird
City Manager
City of Decorah
400 Claiborne Drive
Decorah, IA 52101

Dear Mr. Bird:

Please find attached to this letter our responses to the questions recently received from Decorah-area residents, our customers, members of Decorah Power, and the City Council. We hope we have clearly answered each question. We welcome further conversation on this topic and on how we can work together to achieve Decorah's goals of delivering safe, sustainable and affordable energy.

We greatly appreciate the opportunity to participate in this dialogue and vetting process. We believe your efforts are crucial to helping the City Council make a wise decision for the community on next steps.

Please note that given the timeline to respond, we believe we have provided accurate and thorough responses to the questions posed. It is possible that as this discussion progresses over the next several months, we may be able to add additional detail and, in some cases, update responses to these questions.

I'd also like to note that with the finalization of our 2017 rate review and customer benefits from the December 2017 passage of tax reform, we expect an overall positive impact on customer bills. We will know more about these specific impacts this spring, but are confident that they will increase the benefit of maintaining service with Alliant Energy, as identified in the Concentric study.

Please let us know how we can be of additional support to your office and the City Council as decisions are made. We are also ready to continue consideration of a new franchise agreement when deemed appropriate.

Sincerely,

A handwritten signature in black ink that reads "Matthew Cole".

Matthew Cole
North Region Operations Director
Alliant Energy

Questions from the general public – town hall meeting From Saturday, February 10, 2018

Question: Steve Fredrick

My wife and I live just outside the city limits of Decorah in an area that we believe would be affected by the creation of a municipal utility. I have several questions.

1. Do they want to take over REC customers from MiEnergy?
2. Will the employees be city employees under city's direction?
3. Is this the only input we will have in this decision, we live across the street from the city limits in a subdivision I am sure they want.
4. Have the cost for electricity been compared to other non-regulated regulated utilities?
5. Once a municipal utility is created can it go back to Alliant if the citizens don't want it?

I would encourage the city administration to look at those most vocal with the adage, "follow the money" and who is looking out as far employment or financial benefits.

Response: Steve, thank you for your questions. Questions 1-2 are best answered by Decorah Power and the city of Decorah, as we have not heard Decorah Power's specific plans on these points.

3. While those outside the city limits will be prevented from voting on whether or not outlying areas will be included in a potential municipal utility, customers in these areas can submit comments to the Iowa Utilities Board if Decorah attempts to include in the municipal utility any homes and businesses outside the city limits. You may also want to express your concerns to the city council.

You may have noted that Decorah Power did not include any costs related to separation of the system in their feasibility study. They have assumed that the homes and businesses outside the city limits will be included in the municipal utility. If these homes and businesses were not included in the municipal utility, our system would need to be separated between the two areas, which we estimate would cost around \$11 million. That cost would be paid by the citizens of the municipal utility through their rates. Alliant Energy believes a credible feasibility study should include an estimate of these costs to ensure Decorah residents and those outside the city limits have a clear picture of the total costs included in municipalizing before a vote is held.

4. Our February 5 presentation included a comparison of rates across all types of Iowa utilities. While the most recent rate information for Iowa's municipal utilities is delayed due to reporting timelines, when you compare Alliant Energy rates to those of RECs and municipals in Iowa, Alliant Energy has been and continues to be competitive. In addition, we are working on several initiatives to slow the pace of future rate cases via industrial economic development and a continued focus on cost management. Additionally, we've proposed that the tax benefits coming from the changes in tax law in December will start flowing through to customers later this year. While details are not yet final and are pending IUB approval, the tax benefits will lower electric bills in Decorah.

5. If that were to happen, it would likely be after the city incurred substantial losses that it could not make up through raising property taxes, utility rates, or other fees. The losses the municipal utility may have will likely remain the responsibility of its citizens. Additionally, the buy-back cost is likely to be less than what the city paid for it because a municipal utility's cash-flow will likely limit investments and the value of the system is likely to depreciate from the time of takeover to the date it is sold back to the utility. Such losses would be a significant drag on the budget of the city even after the electric system is sold back to Alliant Energy. In addition, another vote would need to be held to authorize sale of the system and there would likely need to be IUB approval of the sale.

That being said, it's not completely out of the question for a municipal to return to its predecessor utility. There are a number of examples of recent municipalizations that have not gone as well as the city's

consultant promised. After large losses the city chose to sell the utility back to the prior company. One recent example is Hercules, California, where the city sold its electric utility back to Pacific Gas & Electric in 2014.

Question: Kent Klocke

Reiterated some of the points he emailed in.

Talked about his store when his family owned the grocery and how engineers recommended electric back-up systems. Because available power was so reliable, they did not invest in a back-up system. Never lost product for power outages or failures while the store was operational. We need a reliable source of energy as it is critical to business operations.

What happens with staffing a new utility? It is already difficult to find qualified employees for many businesses. Can we do it as a small entity? What issues may there be with inexperienced staff operating a major piece of infrastructure?

Will a locally controlled utility still provide the energy efficiency programs Alliant does today?

Response: Kent, we appreciate your questions and concerns.

Alliant Energy has 17 employees in our Decorah Operating Facility that provide service that is significantly better than the average electric municipal utility in the United States. By comparison the Decorah Power plan would reduce and outsource those 17 jobs. Service would be provided by a different utility, located a minimum of 20 miles from Decorah. This immediately adds 20 minutes to the response and restoration times for the community.

Our local crews know the system and their knowledge further reduces outage time. An outsourced or inexperienced operations staff would add precious minutes to every outage. Our employees want to continue to serve Decorah, but also want to continue employment with Alliant Energy. It would be unreasonable to expect that a municipal would retain the number or experience level of employees Decorah enjoys with Alliant Energy, particularly at the reduced costs Decorah Power is guaranteeing.

You raise a very important point—service is not just about outages, but also about meeting contractor and customer needs for connections and troubleshooting.

In addition to our prior options, Alliant Energy has just added a phone app and text notifications to our offerings. More new technologies are around the corner. In a storm, our team can mobilize not only the hundreds of field crew members two hours from Decorah, but extensive inventories of equipment and access to a nationwide network of utility support.

There is mutual assistance available for municipal utilities, but that support comes from utilities not dealing with their own storm or emergency recovery. And, it comes with an additional bill that customers must cover.

Municipal utilities are required to have energy efficiency plans, but the size of the plan and the programs under the plan are likely to be different than Alliant Energy's plans. We have not been given any details about Decorah Power's energy efficiency plans, costs, or programs.

Question: Mark Lovelace

Seems to be a gap in information between the two studies as presented. Will Decorah Power have a chance for a rebuttal to the Alliant Energy study? Maybe have a third study make a comparison of the two?

Response:

We, too, are concerned about the differences between Decorah Power's estimates and Concentric's study. A significant reason for the differences is the Decorah Power depreciation method. Decorah Power frontloads the depreciation and reduces the current value of the assets. In contrast, Alliant Energy's method has a slower initial depreciation rate that increases as the asset ages, resulting in a higher current value for the distribution system than Decorah Power's estimate. It is reasonable to conclude that for valuation purposes, an asset's value will typically decrease at a slower rate early in its useful life. The method used by Decorah Power was similar to the method used by the cities that were denied approval to municipalize in the 2006 cases.

In those cases, the final price—as determined by the Iowa Utilities Board—was a multiple of between 2 and 5 times what the cities had valued the system at. The Decorah Power study values the system at about 25% of the Concentric methodology or a multiple of about 4, which aligns with the undervalued assessments in the prior cases. By further comparison, the method used in the Concentric study is the methodology that was approved by the Iowa Utilities Board.

Whether the city would like to have and would choose to pay for a third study is a question best answered by the city.

Question: Scott Kirkeberg

Discussed the service territory concerns and comments and shared why he thought the \$11 million "separation" costs should be included. He also shared some of the costs necessary for repairs and stored equipment.

Response: Thank you for sharing your thoughts, Scott. Decorah Power did not include any costs related to separation of the system in their feasibility study. They have assumed that the homes and businesses outside the city limits will be included in the municipal utility. If these homes and businesses were not included in the municipal utility, our system would need to be separated between the two areas, which we estimate would cost around \$11 million. That cost would be paid by the citizens of the municipal utility through their rates. Alliant Energy believes a credible feasibility study should include an estimate of these costs to ensure Decorah residents and those outside the city limits have a clear picture of the total costs included in municipalizing before a vote is held.

Alliant Energy maintains an inventory of over \$500,000 in Decorah as compared to the Decorah Power Feasibility Study assumption of an inventory of slightly less than \$25,000. One pad-mount transformer costs roughly \$2,000, which would serve 4 houses. Having a well-stocked local inventory helps shorten outage time. A credible feasibility study should include realistic costs of necessary system maintenance and inventory.

Question: Braden Archer

Will the new utility be able to set its own rates or is it regulated by the Iowa Utility Board? Is there any regulation by the IUB of a municipal utility?

Response: Braden, a municipal utility can set its own rates without any oversight or input from its customers. In contrast, every rate charged by Alliant Energy needs to be approved by the Iowa Utilities Board, typically after thorough review and input from numerous stakeholders (consumer advocates, environmental advocates, commercial customer groups, etc.).

Municipal utilities report to the Iowa Utilities Board on items such as safety, reliability, and energy efficiency and pay fees to support the Office of Consumer Advocate, the Iowa Energy Center, and low-income programs. We do not know whether Decorah Power has included those fees in its estimates.

Question: Kent Klocke

All communities need to grow. If the \$11 million money is spent to separate upfront, what happens if the separated area is later annexed into the city? Is that money wasted, can the annexed area become part of the municipal utility?

Response: Good question, Kent. It is not uncommon for a utility and a municipal utility to both serve areas of a city. Because service territory boundaries are preserved under Iowa law, a city utility cannot expand its service territory simply by having the city annex that additional territory. Thus, if a city grows beyond its boundaries and desires to acquire additional service territory, the municipal utility would have to seek to acquire the territory in a process at the Iowa Utilities Board. The procedure is similar in scope, time, and expense to what is contemplated presently. It is unlikely that the separation costs would be part of the Iowa Utilities Board's valuation of the system in the annexed territory and there could be additional separation costs to separate the annexed area from the incumbent utility's system.

Question: Steve Mauer

Use loads are ever decreasing. The study shows a flat or decreasing load projection. How does this impact business models?

While mutual aid may be an option, it will cost lots of money to bring in others to assist. Mutual aid is not free.

Response: Thanks for your questions and comments, Steve. As you note, energy sales within the Decorah city limits have declined approximately 7% over the last five years. Decorah Power will be able to explain how it is forecasting load growth and increasing revenues given the decreasing load in the area and its desire to further reduce load (via customer-owned generation and energy efficiency), all of which decrease revenues.

As you note, mutual aid is not free – utilities providing the service charge the utility receiving the support for personnel time and use of trucks and equipment, as well as travel expenses. We have not been provided information on whether Decorah Power has included mutual aid costs in its model and how it estimated those costs.

In contrast, Alliant Energy has 17 employees in our Decorah Operating Facility that provide service that is significantly better than the average electric municipal utility in the United States. In addition, Alliant Energy has another 500 employees available within a two-hour drive of Decorah. By comparison the Decorah Power plan would reduce and outsource those 17 jobs, and service would be provided by a different utility, located a minimum of 20 miles from Decorah. This immediately adds 20 minutes to the response and restoration times for the community.

Our local crews know the system and their knowledge further reduces outage time. An outsourced or inexperienced operations staff would add length to every outage. Our employees want to continue to serve Decorah, but also want to continue employment with Alliant Energy. It would be unreasonable to expect that a municipal would retain the number or experience level of employees Decorah enjoys with Alliant Energy, particularly at the reduced costs Decorah Power is guaranteeing.

Question: Jim Martin-Schramm

Commented that loads may be down but there are new technologies coming online such as electric cars that add increase use loads.

Response: Thank you for your comment, Jim. As we noted above, energy sales within the city limits have declined approximately 7% over the last five years. While new technology could increase load, our forecasts suggest that flat, rather than declining, sales are the best case scenario. Customer-owned

generation and energy efficiency – both of which are supported by Alliant Energy – further reduce load. We are unaware of the details on Decorah Power's assumptions of increasing load in the area in light of the recent decline in load and in light of energy efficiency and increasing levels of customer-owned generation.

Question: Emily Neal

If we can save \$5 million and have local control, why wouldn't we try? We have numbers that can lead to grand possibilities.

Response: Thanks for your question, Emily. As we presented to the city council on February 5, we do not believe the Decorah Power feasibility study is accurate. Specifically, the Decorah Power study has understated the cost to acquire the system and overstated the estimated energy sales, both of which erode any estimated savings. Based on the feasibility analysis that Concentric completed, which is reflective of the methodology used in prior municipalization proceedings before the Iowa Utilities Board, it is more likely that the citizens of Decorah will pay more for electric service, while facing longer response times in outages due to outsourced services.

The last electric municipal utility was created in 1974 in Aurelia. Since that time, six communities have petitioned the Iowa Utilities Board seeking to create electric municipal utilities and each was denied. Municipalization is a costly and time-consuming process—at up to \$2 million—to petition the Iowa Utilities Board, with no guarantee of success.

Because we share a lot of the community's goals, we believe that we can accomplish them together at a much lower cost to the citizens of Decorah and much less risk.

Question: Don Arendt

Seems like a sizeable risk and some lack of information.

Seems to be a big push for May ballot and needs more study first. Why the big push and what are the costs of the referendum and amounts involved in a petition to the IUB.

Response: Don – Thank you for your question. You have outlined valid concerns the council should consider.

We have the same question regarding the timing that you do. Decorah Power's most recent newsletter indicates that it feels quick action is to its benefit and that providing additional time to consider the risks and costs of municipalization is to Alliant Energy's benefit. We don't understand this philosophy as we think that ensuring all are well-informed is the best course of action. However, Decorah Power is best suited to answer why it feels a referendum should be held as soon as possible and why providing the community with additional time and details is not appropriate.

The costs involved with creating the ballot and the associated auditor and attorney costs are best estimated by the City of Decorah.

In the Concentric study, it was estimated that the cost for the city to request municipalization at the Iowa Utilities Board would be over \$2 million. These funds could reduce the available budget for spending on police, fire, parks, affordable housing, etc. This question is best posed to the city.

The last electric municipal utility was created in 1974 in Aurelia. Since that time, six communities have petitioned the Iowa Utilities Board seeking to create electric municipal utilities and each was denied. Municipalization is a costly and time-consuming process to petition the Iowa Utilities Board, with no guarantee of success.

The Decorah Power study has understated the cost to acquire the system and overstated the estimated energy sales, both of which erode any savings estimated. Based on the feasibility analysis that Concentric completed, which is reflective of the methodology used in prior municipalization proceedings before the Iowa Utilities Board, it is more likely that the citizens of Decorah will pay more for electric service, while facing longer response times in outages due to outsourced services.

Because we share many of the community's goals, we believe that we can accomplish them together at a much lower cost to the citizens of Decorah and much less risk.

Question: Harlan Satrom

Shared how important this discussion and decision is for the community. He related the issue to the landfill discussion many years ago and how that turned into a positive for the community.

Response: Thank you for your comments, Harlan.

The last electric municipal utility was created in 1974 in Aurelia. Since that time, six communities have petitioned the Iowa Utilities Board seeking to create electric municipal utilities and each was denied. Municipalization is a costly and time-consuming process—at up to \$2 million—to petition the Iowa Utilities Board, with no guarantee of success.

The Decorah Power study has understated the cost to acquire the system and overstated the estimated energy sales, both of which erode any savings estimated. Based on the feasibility analysis that Concentric completed, which is reflective of the methodology used in prior municipalization proceedings before the Iowa Utilities Board, it is more likely that the citizens of Decorah will pay more for electric service, while facing longer response times in outages due to outsourced services.

Because we share many of the community's goals, we believe that we can accomplish them together at a much lower cost to the citizens of Decorah and much less risk.

Question: Kent Klocke

The costs discussed to get the petition in front of the IUB seem high and extreme. Is that included in the full acquisition costs, where does that money come from?

Response: We appreciate your question, Kent. The cost to prepare a petition before the Iowa Utilities Board takes an extensive amount of legal and technical expertise. The costs identified in the Alliant Energy feasibility analysis are based upon historical costs that are escalated to reflect current-year costs. In the Concentric study, it was estimated that the cost for the city to request municipalization at the Iowa Utilities Board would be over \$2 million. These funds could reduce the available budget for spending on police, fire, parks, affordable housing, and etc. This is a question best posed to the city.

If the petition is successful, under the Decorah Power plan, the cost of the proceeding would be “paid back” to the city with electric utility funds – which come from your rates. If the petition is not successful, those funds would come out of the City's General Fund, which could reduce the budget for spending on other community items, as noted above.

Question: Braden Archer

Is there anything we can do to get rid of the “ifs”, there seems to be a lot of talk about if this, then that, etc.

Response: Alliant Energy stands behind the Concentric study, which is reflective of the methodology used in prior municipalization proceedings before the Iowa Utilities Board, and believes it represents a reasonable result if the city were to proceed. We defer to Decorah Power for questions regarding its

feasibility study and the details regarding its plan to purchase, operate, maintain, and set rates for the Alliant Energy system and customers in and around Decorah.

Question: Emily Neal

Discussion on the PILOTs, no guarantee of monies flowing to city. Discussion on whether the municipal utility can provide PILOTs to schools and counties?

Response: Emily, Alliant Energy pays at least \$160,000 in taxes in Decorah each year. We defer to Decorah Power to answer questions on whether it can or intends to pay any taxes to local schools. We also note that we have not seen a commitment to a level of community grants (which are not paid for in current customer rates) by Decorah Power.

Question: Scott Kirkeberg

Would the city be prepared to be a banker for new growth of commercial and industry and run lines to promote growth yet not receive revenue for quite some time until the new business is established? Would the new utility be prepared to provide resources to fund new development?

Response: Scott, as you may know, Alliant Energy is very supportive of our communities and works very well with local and state economic development professionals across the state. As a part of a larger system, new economic development anywhere in the territory benefits the electric costs for utility customers. And, the larger system also limits the impact if a larger customer in Decorah would shut down or greatly reduce energy load. Some municipal utilities in Iowa have had to raise electric rates just to make up for lost revenues when a factory closed in their community.

Alliant Energy maintains a small staff of economic development professionals who are marketing Decorah and our entire service territory nationally for business growth and expansion. They serve as a resource and funding partner of the local and county economic development organizations.

Finally, we have numerous options for extending both electric and natural gas service to growing areas, and we are able to offer flexible rates to promote economic development. We have not heard details from Decorah Power on what rates or extension policies it will have and so defer your question to Decorah Power.

Question: Dawn Iverson

What is the new attorney the city hired going to do? What are his qualifications and how is he prepared to address some of these questions? Can he review the two studies and provide counsel to the city council? Is there a place / source to obtain information on what the IUB will look at? Do they have a FAQ page on their website that provide a guide on how to municipalize an electric utility?

Response: Dawn, we will defer the majority of your questions to the city. Regarding how the IUB looks at municipalization, we have a white paper titled "Electric Municipalization in Iowa." It is part of the packet of information that you can download at alliantenergy.com/decorah. The white paper explores some of the history of prior municipalization attempts that you might find interesting.

Question: Herb Hageman

Does the Decorah Power study include rates Alliant Energy has recently asked for (increase) or use the older rates? What does the IUB use for a true settlement cost?

Response: In examining the Decorah Power study, Decorah Power overstated Alliant Energy rates by approximately 3%, when compared to the rates in effect in February 2018. While there will be a small increase over those rates later this year due to the IUB's approval of the settlement in that case, it will be

offset by tax benefits that Alliant Energy is seeking to deliver to customers as soon as possible, pending IUB approval.

Question: Keith Christianson

Is it true there are 136 munis in Iowa? Why has there been such a gap in requests or applications to municipalize to the IUB over the years?

Response: Keith, the last electric municipal utility was created in 1974, by Aurelia. Since that time, six communities have petitioned the Iowa Utilities Board seeking to create electric municipal utilities and each has been denied. Alliant Energy estimates it could cost Decorah up to \$2 million to go through the Iowa Utilities Board process, with no guarantee of success. There is a white paper titled "Electric Municipalization in Iowa." It is part of the packet of information you can download at alliantenergy.com/decorah. It explores some of the history of prior municipalization attempts.

Question: Emily Neal

Do franchise agreements prevent consideration of municipalization?

Response: Yes, however some cities have "windows" in their franchise agreement that would let them cancel with a notice period. The most common window is five years. Alliant Energy has such "windows" in place with some communities in its service territory.

Question: Harlan Satrom

What are the benefits to the community of a franchise agreement? Why have one at all?

Response: Thank you for your question, Harlan. We believe that City Manager Chad Bird did a very nice job of outlining those benefits in his comments on Saturday, February 10. He noted these benefits: An agreement governs the way the utility uses city right of way. When there's a street project, for example, Alliant Energy covers the costs of moving utilities if a franchise agreement is in effect. The city also can include language to collect a franchise fee, which provides additional revenue to the city. Alliant Energy has active franchises in all but one community it provides electric service to. That community is one of the cities that the IUB turned down for municipalization in 2006. The other cities involved in that effort have all signed agreements since that time.

Question: Mark Lovelace

Would there be, or is there, a no compete clause that would prevent the new municipal utility from hiring Alliant employees to come and work for the city? Can the city hire Alliant employees?

Response: There is not a non-compete clause with our Decorah-based employees. The municipal utility could hire them, but Decorah Power has indicated that it would prefer to outsource the operation, maintenance, and repair of the system to another company and use non-local employees to work on the Decorah system.

Question: Collyn Bridges

The council should do an independent feasibility study before the vote so people really know what they are voting for.

Will staff be available to assist the fire department in electric service disconnect in the event of emergency? Alliant employees are volunteers on the fire dept today and provide that service.

Under the Decorah Power plan for operation of the system there would no local staff. Instead Decorah Power would outsource the operation of the system to a neighboring utility (Page 2-6 of its "Municipal Utility Feasibility Study".) Decorah Power has referenced either MiEnergy located in Cresco or Allamakee-Clayton Electric Cooperative both located about 20 miles from Decorah.

Response: Thank you for your comments, Collyn.

Whether the city would like to have and would choose to pay for a third study is a question best answered by the city.

As you note, Decorah Power has indicated that it would prefer to outsource the operation, maintenance, and repair of the system to another company and use non-local employees to work on the Decorah system. Your question about non-local staff being available to assist the fire department and the cost and timeline for such assistance is best answered by Decorah Power, as we have not seen those details in its study.

2/10/2018

Question for Alliant and Decorah Power;

What is the number of customers that fall outside the city limits?

I'd like to see a clear map of the city including the outside city limits parameters that are being considered.

How is this customer number represented in the customer graphs;

Alliant study – section 1, p. 10

Decorah Power section 1, p. 1-8 – Table 1-4

Where these numbers included through out both studies in the estimates.

Thank you for the consideration.

Lorraine Borowski

Response:

Thank you for your questions, Lorraine.

Customer Counts by Customer Type Inside and Outside Decorah City Limits

Customer Type	Inside City Limits	Outside City Limits
Residential	3,020	476
Commercial	632	139
Industrial	20	9
Municipal Lighting	1	2
TOTAL	3,673	626

Concentric utilized the community borders (in other words, the city limits of Decorah) for its study. Decorah Power may be able to provide a map of the borders they utilized for their study.

While Decorah Power's study assumed that customers outside city limits would be part of a city utility, Concentric's study included only those customers within the city, consistent with the Iowa Utilities Board's decision in the last municipalization case.

Concentric performed additional analysis of the area outside Decorah and found that it does not make a potential city utility feasible even with the additional customers.

As the other questions in this block appeared to be directed to Chad Bird and Decorah Power, we will not respond at this time.

Question: We are attaching some questions and concerns regarding this purposed change. My husband and I were unable to attend the town hall meeting held today, Saturday.

We do not live in the city limits and have a huge concern about the way Decorah Power has been “pushing” their agenda and have not chosen to listen to what others may have to say or ask.

We do have a concern about conflict of interest when one of the city council members is the wife of the secretary of the Decorah Power Group (Johanna) as well as another member actively handing out pamphlets about Decorah Power throughout the summer and fall at the Farmers Market (Steve Luse). How can they be open – minded to really listen and review anything that has been presented about the Alliant Energy portion? Are they really looking out for the city of Decorah interest or their own views?

Nancy and Gary Sacquitne
2710 College Dr.
Decorah, IA 52101

Sacquitne questions...

Questions/ comments on municipal power issue

1. Calmar had a transformer fail this summer, the cost was \$1 million for one transformer to replace, how can the Decorah Power only put a buyout cost of 5 million dollars? How many transformers are in Decorah alone?
2. If we suffered a catastrophic event in Decorah, how long would it be before assistance was here? Sumner, IA suffered a creek flooding this summer that took out their electrical station, they too are a private municipality, it cost them \$100,000/ day/ generator. They had 4 generators for 10 days = \$4 million dollars. How is that cost recovered and from whom?
3. Currently, if we lose power, Alliant crews are dispatched immediately and because they are stationed locally, our power is generally back on within a short time. How long will it take for the out sourced business to come in? Not only that, they probably will be charging for on-call and currently Alliant Energy employees are not paid on call, it is part of their responsibility of their jobs. There is also equipment for repair here and outside assistance is dispatched very shortly as needed from their other crews.
4. Just a reminder, that it isn't just the homes that would be affected but many large employers. Many of these businesses rely on having electrical power so they can complete their work. Have you canvassed those businesses, i.e. Gemini, Stanley, Rotocast, Winneshiek County, Winneshiek Medical Center on their thoughts on this change?
5. With Alliant being a larger business, the buying power for them is greater than a small entity trying to buy equipment, or would the smaller entity look to get cheaper parts or equipment for replacements?
6. If I am under the correct knowledge, Luther College does not pay taxes to the city of Decorah, they seem to be a big proponent of this project, yet they won't be helping in any of the taxes that would be needed to take care of bonds to help offset the cost to the city for this to go to the Utility Board and any other possible issues with litigation.

7. Would it be beneficial to get a 3rd party study done that is unbiased for either entity?
8. Why are we trying to change things that have been working for the city? Not only that, for those not living in the city limits, things being forced on us is not appreciated when you do not allow for our vote. We work here and my husband is a lifetime resident of Decorah. Many are moving in and seem to want to change Decorah, why did you move here in the first place?

Response: Thank you for your comments and questions.

Emergency response and inventory

Your questions on these topics are critical. Calmar is relevant; especially when one considers that we used a mobile substation in Calmar to provide power during the nine hours it took to fix the issue. There are over 1,000 transformers in Decorah and the surrounding area – including underground and overhead transformers.

Beyond the transformer costs, other key issues to consider are: Will a city utility maintain an inventory that would be adequate to allow for a replacement transformer to be installed quickly? Will it have a temporary substation to maintain power for customers even in a weather emergency? How will a utility dispatch its crews to respond to an emergency?

On June 9, 2008 a levy broke and washed out a transmission pole with lines serving our customers. Parts of Decorah, all of Freeport, and the surrounding areas around Freeport were without power. Alliant Energy had a mobile substation brought in and set up in Rockwell's parking lot. There were no extra costs to the city of Decorah or its customers.

In addition, we took numerous steps during flooding in Decorah to ensure that the city's largest customers could continue operating and that their employees continued to earn income from working. We tapped into our significant equipment and supply pipeline to quickly identify, transport, and install all the equipment needed. This was all done without additional costs to Decorah customers.

Alliant Energy maintains an inventory of over \$500,000 in Decorah as compared to the Decorah Power Feasibility Study assumption of an inventory of slightly less than \$25,000. One pad-mount transformer costs roughly \$2,000, which would serve 4 houses. Having a well-stocked local inventory helps shorten outage time. We believe a credible feasibility study should include realistic costs of necessary system maintenance and inventory. In addition, we buy equipment in bulk, which saves customers significantly each year.

Alliant Energy has 17 employees in our Decorah Operating Facility that provide service that is significantly better than the average electric municipal utility in the United States. Our crews have 356 years of combined experience on the Decorah system and many of them were part of the crews that built these lines. In addition, Alliant Energy has another 500 employees available within a two-hour drive of Decorah. By comparison the Decorah Power plan would reduce and outsource those 17 jobs, and service would be provided by a different utility, located a minimum of 20 miles from Decorah. This immediately adds 20 minutes to the response and restoration times for the community.

Our local crews know the system and their knowledge further reduces outage time. An outsourced or inexperienced operations staff would add length to every outage. It would be unreasonable to expect that a municipal would retain the number or experience level of employees Decorah enjoys with Alliant Energy, particularly at the reduced costs Decorah Power is guaranteeing. Finally, Decorah Power has not detailed how the outside provider

would prioritize its work if a major event were to occur that affected both the service provider's system and Decorah's system. Anything other than having Decorah's system as a first priority would result in additional response time during outages.

Municipal utilities could participate in mutual aid, which is assistance from other utilities.

However, mutual aid is not free – the utilities providing the service charge the utility receiving the support for personnel time and use of trucks and equipment, as well as travel expenses.

We have not been provided information on whether Decorah Power has included mutual aid costs in its model and how it estimated those costs.

Taxes

We will let the city and Luther College address the tax questions specific to them.

However, we will note that we also pay \$160,000 in taxes each year to city, county and schools. We defer to Decorah Power to answer questions on whether it can or intends to pay any taxes to local schools or to cover any lost taxes to the city or county. We also note that we have not seen a commitment to a level of community grants (which are not paid for in current customer rates) by Decorah Power. Under the Concentric study, a city utility will already have to raise rates just to cover all the utility's costs, leaving open the question of how the utility would generate the additional funds needed to make up for lost tax revenues without yet a further rate increase for customers.

Third study and community input

Whether the city would like to have and would choose to pay for a third study is a question best answered by the city. However, we have noted that the Concentric study is not "Alliant Energy's numbers" but rather an independent study completed by an outside company with prior experience working with municipal utilities. Concentric testified about these same calculations in the last municipal cases before the Iowa Utilities Board.

We agree that it's important that the council consider input from all affected citizens and businesses – including those outside the city limits that Decorah Power proposes to take over – about this issue, not just from the group of individuals leading the Decorah Power efforts.

Question: I am writing to encourage you and the Decorah City Council to move forward with a May referendum regarding the creation of a Municipal Electric Utility. There are two main reasons why a May referendum makes more sense for Decorah than a fall referendum:

- 1) the referendum proposed by Decorah Power simply authorizes the city move forward with electrical municipalization, it does not require that the city take any immediate steps, and
- 2) waiting until fall to hold a referendum provides no benefit to the city of Decorah or its residents, but a such delay would give a significant advantage to Alliant.

More than 500 signatures (we will have a final count next week) have already been collected in support of holding a May referendum that would give the City of Decorah the authority to establish a municipal electric utility. The signatures were collected in support of holding a May special election on this short question:

Shall the City of Decorah in the County of Winneshiek be authorized to establish a municipally owned electric utility governed by a board of trustees?

This referendum language, which has been used in other municipalization efforts, does not require the city establish a municipal electric utility, or to take any other particular actions. The City would still be free to conduct any and all studies it that it feels necessary, and to do so on a timeframe that makes sense to city officials. There is no reason that any additional studies couldn't be done at any time the city decides to do

them, before or after the referendum. A positive referendum on municipalization is only one of the steps required before the Iowa Utility Board will consider an application for the creation of a municipal electric utility.

While waiting until the fall to hold a referendum on establishing a municipal electric utility provides no advantage to the City of Decorah or Decorah area residents, a delay would provide a significant advantage to Alliant. Alliant has been spending, and will continue to spend, massive amounts of money—money provided by Alliant customers—to instill doubt, fear, and confusion about a municipal electric utility. Alliant has hired a political activist as a “community liaison,” Alliant runs full page ads in every newspaper edition, Alliant is blanketing social media with an ad campaign, and Alliant paid for the creation of a “feasibility study” that was in no sense an actual study. Why is Alliant willing to spend so much money to and deter voters from rationally considering the potential benefits of a municipal electric utility? Because Decorah customers are a source of large and reliable profit for Alliant. The longer Alliant has to continue inspiring fear and confusing the voters, the better chance they have of succeeding. A decision to delay the referendum until the fall is a decision in favor of Alliant.

Alliant’s strategy is motivated by profit. On the other hand, Decorah Power is motivated by the interests of the community. Decorah Power is a group of people who live here who live here in Decorah and want to make our community a better place. We have no profit motive, other than a potential small reduction in our monthly electric bill. We are volunteers committing our own time and energy, on top of our jobs and all of our other commitments, even on this beautiful sunny Sunday afternoon, because we sincerely believe that a MEU could make our community stronger. Much like your work as a civil servant, our work on behalf of Decorah Power is motivated by a desire to strengthen our community. You have been presented with much information about this municipalization effort. Thank you very much for taking the time to read about and consider the potential benefits of a municipal electric utility for Decorah.

Sincerely,

Carly Hayden Foster
(109 Rural Ave, Decorah)

Response: Thank you for your comments, Carly. We are privileged to serve the community of Decorah. Seventeen employees work out of the local office each day and take great pride in the safe, reliable service that we’ve been providing to the community for 100 years.

We also have employees focused on the next 100 years. They are working to expand our Iowa renewables portfolio, which is expected to reach 40 percent in just a few years. They have embraced significant internal and external sustainability efforts – from our electric vehicle program, which is one of the only offered in Iowa and only one of a few nationwide, to our truck refrigeration unit incentives, which is reducing the environmental impacts of idling trucks across the state.

We also have employees focused on improving the customer experience. From our updated website to new smart phone app and text features, Alliant Energy is far ahead of nearly every other utility in Iowa when it comes to technology to connect with the company and manage your energy usage. Our team is at work every day to serve you and our community.

Finally, to clear up any misconception, the company has been using shareowner dollars to share our messages with the community. The employee time and any money spent on this effort are not funded by customers, do not come from customer rates, and does not impact customer costs.

Thanks again for your interest and comments.

Luther College
February 9, 2018

Questions related to Alliant Energy and Decorah Power presentations

1. *Alliant Energy states that staying with them will result in a safer distribution system. (page 2 of presentation) The blanket statement that they will operate the system in a safer manner does not appear to have facts or figures to back it up. Safety is the number one task for all line workers and is drilled into them from day one. Line workers from any utility would not allow any unsafe condition that would affect the general public. Does Alliant have MOD rates (workers comp) well below the industry standard? Is that the supporting data? Would they provide that?*

Alliant Energy Response – We appreciate the question. Safety is one of our core values and something we live every day. Alliant Energy does not have a MOD rate—contribution to workers’ compensation premium—since we are self-insured for such incidents and MOD rates are calculated by insurance companies. However, we have included below some other safety statistics that are reported to the company’s Board of Directors. Alliant Energy has a strong safety culture. Our goal is that every employee makes it home safely every night in an industry that has significant risks if crews aren’t properly trained.

Alliant Energy’s OSHA Lost Time Incident Rate is 0.33 as compared to the United States Bureau of Labor Statistics’ (BLS) utility rate of 0.70. The BLS does not have a benchmark for Severity Rate, however the Edison Electric Institute (EEI) does have a benchmark – Alliant has a severity rate of 6.87 in 2017 as compared to the EEI standard of 14.14 With regard to public safety, our Decorah-based employees have a combined 356 years of experience responding to damaged electrical equipment as a result of storms, tree limbs falling onto equipment, vehicles crashing into power poles, and other incidents. Our Distribution System Operations Dispatch Control (DSO) and local operating crews possess a critical level of knowledge of the distribution system. Their level of knowledge is critical to immediately securing power to eliminate any electrocution hazard.

In many cases, the line worker being called out in the middle of the night has the experience to quickly assess the situation and form an action plan to remedy the situation. The line worker also possesses the knowledge to direct the opening of a breaker or switch to immediately secure power. Familiarity with the local system, as well as experience, is essential to this effort.

These examples of emergency situations that our employees manage on a daily basis form the basis of our claim that the public will have a safer distribution system with Alliant Energy being the service provider.

We have not seen lost time data or severity data from any of the providers to which Decorah Power proposes to outsource maintenance and outage work; thus we cannot provide any comments on how safe or reliable the Decorah system would be with another provider.

2. *If Alliant went to the effort to provide Concentric Energy Advisors with the data on miles of lines, transformers, poles, etc. why didn't they simply provide them with the depreciated value of the assets? In the estimates developed from Alliant build rates, Concentric Energy Advisors stated that, a "complexity factor" was added for projects in Decorah. Was that "complexity factor" applied across the board? If so, why? What percentage of an increase is that value?*

Alliant Energy Response – Alliant Energy uses the Mass Plant Depreciation approach as approved by the Iowa Utilities Board for its poles, wires, transformers, etc. Under that approach the company's records are not tracked individually. Like assets are tracked by size and by vintage and not by geographic location for financial purposes. As a result, the assets are depreciated based on the average balance of each Electric Plant Account times the approved depreciation rate for that account. These depreciation rates are approved by Iowa Regulators via rate proceedings as well as by the Federal Regulatory Commission.

For this reason, the depreciated value of the assets on the books is not a relevant number for consideration of the acquisition cost of the system. Depreciation is a component of determining the fair market value of a distribution system. Decorah Power used a traditional straight-line accounting style of depreciation with some visual inspections and some statistical analyses added to their overall depreciation recommendation. Alliant Energy used a present-worth depreciation method that is based on an actual inspection of the inventory for each city; the inventory is then depreciated based on the overall physical condition of the assets. Under Alliant Energy's method, depreciation changes as the distribution systems age, based on the condition of the assets.

Alliant Energy's design tool is used across the entire service territory and the costs are based on typical or average conditions that are generally found across that service territory. Typical considerations would include soil conditions, terrain (hilly, flat), and amount of trees as well as urban or rural construction, for example. Because of unique conditions in Decorah, a complexity factor is applied. That complexity factor is based upon historical averages that are found in the actual construction in a typical versus a non-typical area. That complexity factor is 125% for overhead construction and 150% for underground construction and is applied to that construction. These factors are based on actual construction experience.

-
3. *Alliant's sustainability report and the information reflected in the slides appears to be at odds. The sustainability report states that wind will be invested in both Iowa and Wisconsin. The slides would indicate that the investment is completely in Iowa. Which one is correct? Please explain the difference between 29% in the report (2024) and 40% in the presentation (2021).*

Alliant Energy Response – The company's sustainability report utilizes numbers that have been combined for both the Iowa utility, which serves Decorah, and the Wisconsin utility.

The two utilities are operated separately, including the power that is produced to serve customers.

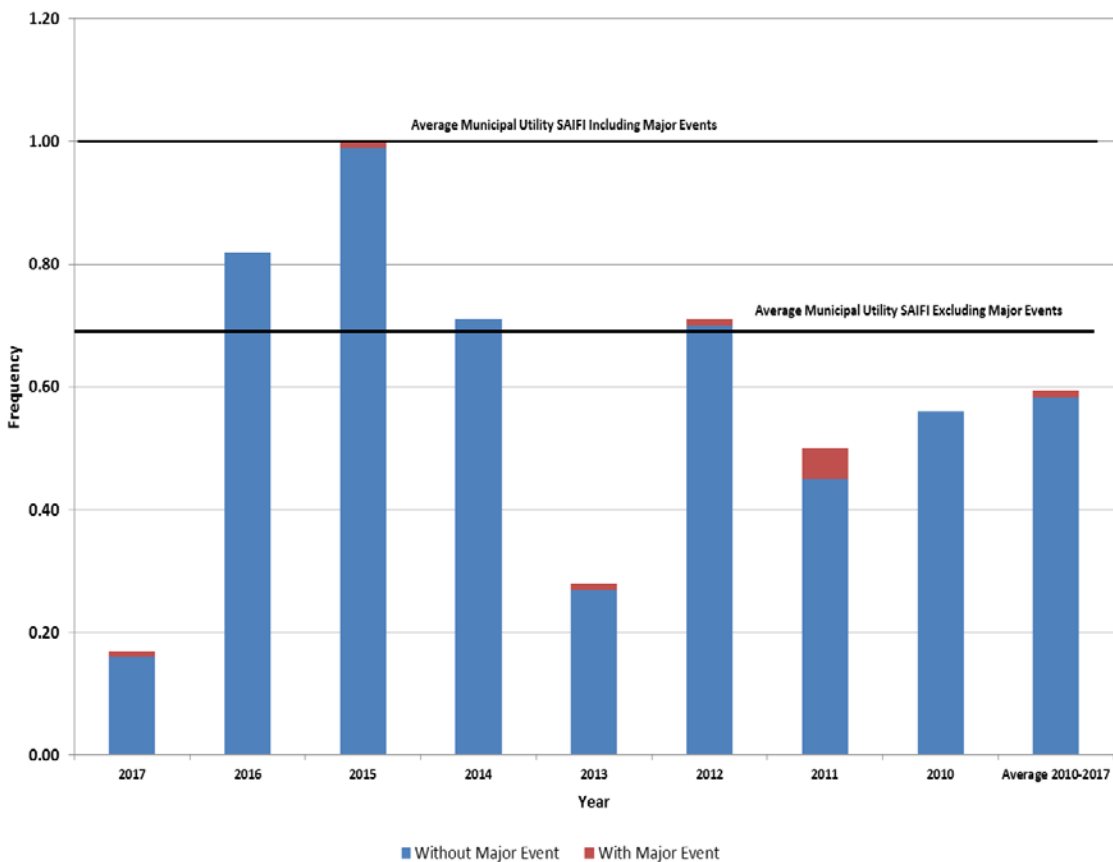
The 40% number in the presentation represents the planned renewable energy mix in Alliant Energy's Iowa portfolio. This is based on the testimony of Mr. Brent Kitchen, Alliant Energy's Manager of Resource Planning, in Docket No. RPU-2017-0002. This testimony was filed with the Iowa Utilities Board as part of Alliant Energy's Application of Ratemaking Principles, referred to as "New Wind II." This is public information, which was available to Decorah Power at the time their study was released. On pages 12-13 of his Direct Testimony, Mr. Kitchen discusses the fuel mix and includes a graph showing percentage of fuel mix by source.

4. *I would agree that historically we have excellent reliability. Very few outages on the feeder that serves the Luther Campus. The Alliant staff we have worked with are dedicated, hardworking and knowledgeable about the system. That being stated, the line crews from Decorah are stretched to work in other towns as well. This does limit response time for emergencies, lengthening outage times when they do happen.*

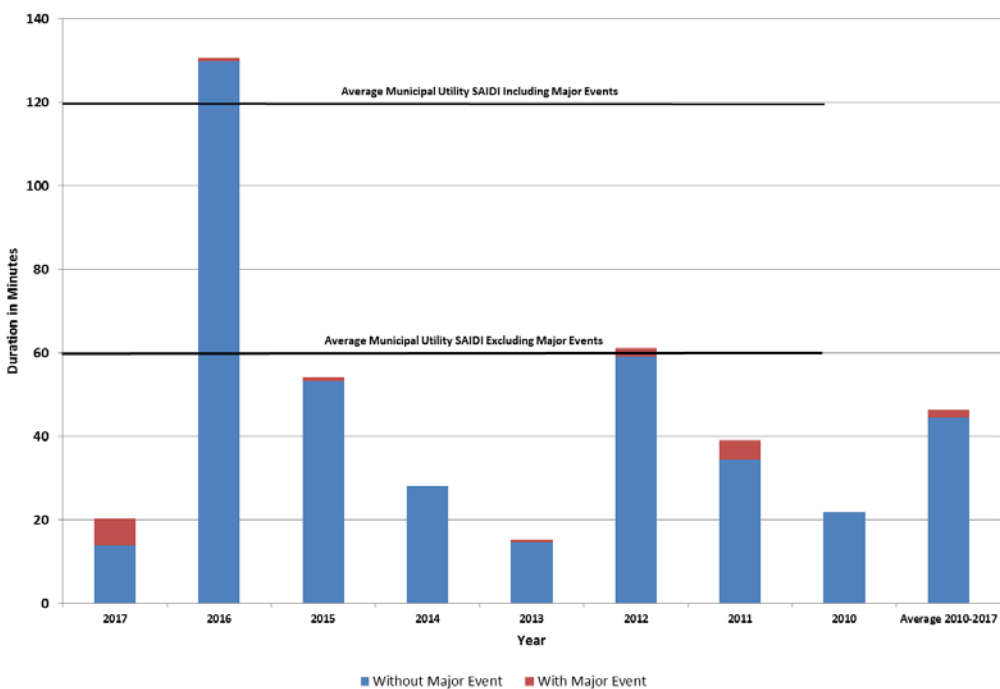
Alliant Energy Response – We take pride in delivering reliable service to Decorah and our entire service territory. The reliability in Decorah is significantly better than that of municipal utilities in the United States. Data for municipal, investor-owned utilities and cooperatives is available from the U.S. Department of Energy's Energy Information Administration. Outages under Alliant Energy in Decorah are about half of outages for an average municipal utility. Decorah's five-year System Average Interruption Duration Indices (SAIDI) without major events is 47.8 minutes compared to an average municipal utility SAIDI of 60 minutes. When major events are included the average municipal utility SAIDI is 120 minutes as compared to Decorah's 49.6 minutes.

Decorah's System Average Interruption Frequency Indices (SAIFI) is 0.59 events on a five-year average as compared to an average municipal utility's SAIFI of 1.0.

Decorah SAIFI 2010-2017



Decorah SAIDI 2010-2017



Alliant Energy's Decorah-based crew does work in other towns. Alliant Energy has 17 trained personnel who work out of the Decorah Operating Facility and as work is assigned, there are always crews within a short distance to respond to outages quickly. That's how we've maintained our high reliability in Decorah. In larger events, Alliant Energy has another 500 trained personnel within a two-hour drive of Decorah. Additionally, Alliant Energy utilizes common equipment and radio technology across its system, which ensures quick action.

Alliant Energy maintains an inventory of over \$500,000 in Decorah as compared to the Decorah Power Feasibility Study assumption of an inventory of slightly less than \$25,000. For reference, one pad-mount transformer costs roughly \$2,000. A pad-mounted transformer helps supply electricity to only 4 homes. Having a well-stocked local inventory helps shorten outage time.

Under the Decorah Power plan for operation of the system there would be no local staff. Instead, Decorah Power proposes to outsource the operation of the system to an unknown neighboring utility (Page 2-6 of its "Municipal Utility Feasibility Study"). Decorah Power has referenced either MiEnergy located in Cresco and Rushford, Minnesota, or Allamakee-Clayton Electric Cooperative; both located about 20 miles from Decorah. The result will be longer response times.

Thus, under Decorah Power's plan, any outage occurring in Decorah would have a minimum of 20 minutes in additional response time (travel time from either Cresco or Postville). Decorah Power has not detailed how the outside provider would prioritize its work if a major event were to occur that affected both the service provider's system and Decorah's system. Anything other than having Decorah's system as a first priority would result in additional response time during outages.

-
5. *When asked by the City of Decorah why would Alliant not release customer numbers, sales quantity per class and a detailed inventory of the infrastructure? Now it seems to be public information.*

Alliant Energy Response –Alliant Energy is providing aggregate sales information by customer class to protect any personally-identifiable information (PII) and information at a high level to avoid disclosure of any sensitive customer information.

-
6. *Concentric uses a 3% increase every third year for Alliant's future costs. Our history of costs would indicate increases on average almost 5% annually. These are not the base rate increases, but increases none the less. Some of the increases are pass through in the current rate structure. Alliant advises us that we should continue budget for at least 5 % annual increases. How can these two values be reconciled?*

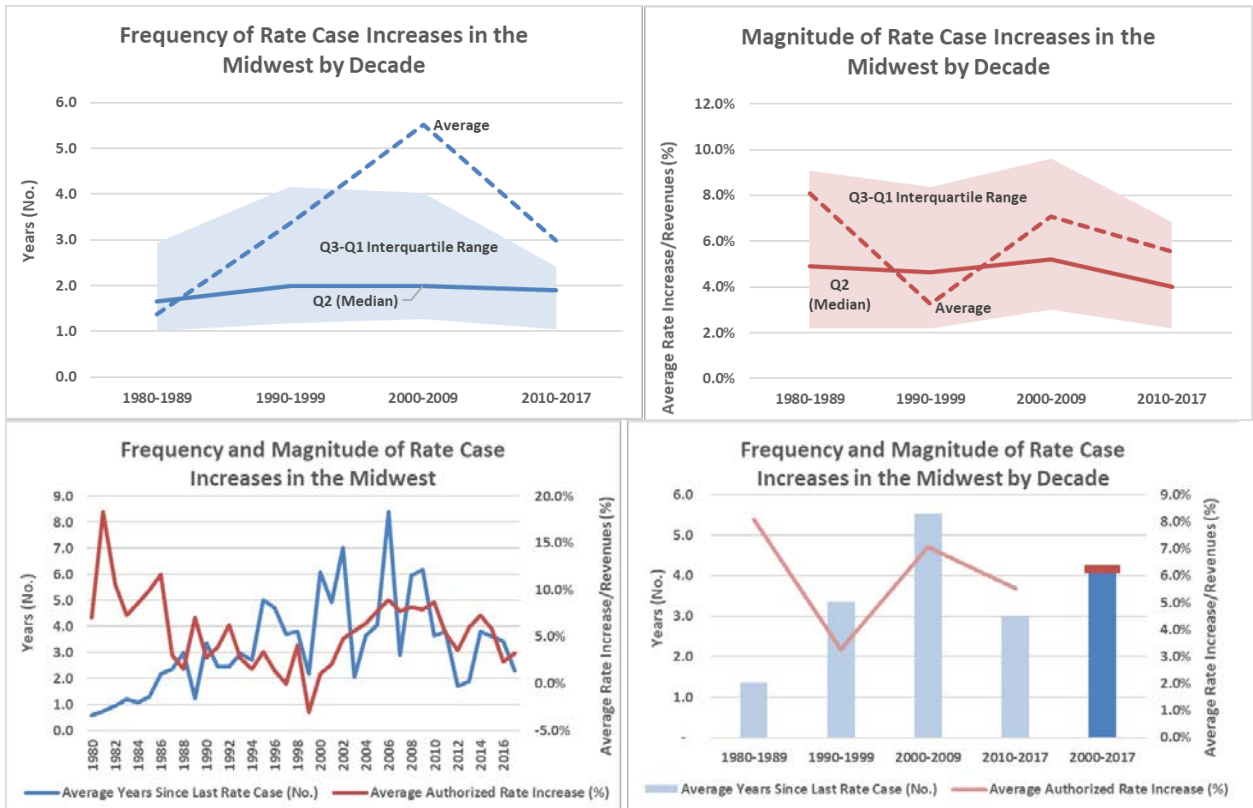
Alliant Energy Response – Alliant Energy works hard to manage all aspects of a customer's bill. Through energy efficiency, a customer's usage can be reduced. Through controlling O&M, base rates are kept as flat as possible. Through a diversified fuel

portfolio and procurement strategy, fuel costs are kept low. Through advocacy and careful planning, transmission costs are managed. Community grants and other giving are not recovered in customer rates.

Concentric's feasibility study is a 20-year planning horizon. In developing the rate expectations, Concentric studied rate cases for Alliant Energy, as well as other Midwest utilities to establish a likely frequency and magnitude of rate increases.

As shown in the figures below, Concentric reviewed the 2010-2017 period and, compared to the prior decade (2000-2009), the magnitude of rate cases decreased approximately 25 percent. The frequency of rate cases has been on average every 3 years since 2010. Alliant Energy filed its last rate case in 2010, and did not file to increase base rates again until 2017. As you know, a municipal utility's rates are not regulated by the Iowa Utilities Board.

It should be noted that any transmission and fuel costs, which are likely in the 5% you are referencing, would impact a Decorah municipal utility in generally the same way. The Decorah Power study agrees with this position.



-
- In the study Concentric appears to be proposing the City Municipal would spend 4% of the depreciated asset value on capital replacement. Is/has Alliant been reinvesting that same amount? Based on previous information, (\$1.8M over 5 years) they will have invested 1.5% of the depreciated value of the asset. Why the discrepancy? Also, is all of that investment in capital replacement or is some in line maintenance work unrelated to*

replacement. Tree trimming comes to mind. Although important, it seems more of an O&M cost rather than capital replacement.

Alliant Energy Response –See table below on historical capital expenditures. Tree trimming is considered an operations and maintenance expense and is not part of the expenditures below.

**Historical Capital Expenditures in Decorah
2015-2017**

Project Type	2017	2016	2015	3 Year Total
Large Projects	\$768,185	\$41,515	\$304,597	\$1,114,297
Small Projects	\$475,791	\$875,834	\$787,160	\$2,138,785
Total	\$1,243,976	\$917,349	\$1,091,757	\$3,253,082

The capital replacement program that is relied on in the Concentric Feasibility Study is 4% per year, which is approximately \$800,000 in 2017, escalating with inflation.

The \$1.8 million was an initial number, which was not fully inclusive of all projects. The work done by Concentric is inclusive of both large and small projects. The \$1.8 million reference will be updated.

-
- Concentric does not discuss the value Decorah customers pay into the energy efficiency program by the charge on their bill. What is that value so as to compare to the benefit received? Is it correct that based on the established tariffs, Decorah customers contribute ~\$394,000 to the energy efficiency fund annually?*

Alliant Energy Response –

Any charges on the customer bill are included in the Alliant Energy rate structure that is used as the comparison to the potential Decorah Power rate. Therefore, if customers are paying a charge on the bill, it increases the cost of service from Alliant Energy. Concentric relied on the following rates for service by class:

Rates for Various Customer Classes - Decorah

Customer Class	Average Retail Rate by Class (\$/kWh)
Residential	\$0.1638
Commercial	\$0.1404
Industrial	\$0.0833
Municipal Lighting	\$0.2744

The Decorah Power Feasibility Study includes all the same cost items, assuming that the cost would continue under municipal operation. Concentric’s feasibility study reviewed the energy efficiency rebates provided by Alliant Energy over a five-year period. Those rebates are summarized below. Because there was an outlier year (2014), Concentric relied on the median value as the expected continued funding of costs from the municipal utility.

Median Value of Energy Efficiency Rebates - Decorah

Energy Efficiency Rebates	
2012	\$292,600
2013	\$416,600
2014	\$1,454,500
2015	\$135,800
2016	\$64,400
Median	\$292,600

The median value was escalated by inflation to 2021. The starting energy efficiency cost for the municipal utility in 2021 was \$402,869 in Concentric’s base case.

-
9. *Alliant has brought up the benefits to Decorah of energy efficiency programs. Why Alliant would be promoting current legislation in Iowa to reduce the size and scale of the energy efficiency programs significantly. (50-80%)?*

Alliant Energy Response – We support sections of the omnibus energy legislation (SSB 3093 and HSB 595) that promote the integration of new energy technologies while reducing inefficiencies and providing even more opportunities for business growth and job creation. Specifically, we support updates that help:

- Deliver competitive rates for all Iowans to help grow the Iowa economy.
- Support customer solutions that enable Alliant Energy to more quickly respond to changing customer preferences.
- Ensure Iowa maintains its leadership position in providing renewable energy and other emerging technologies to customers and communities.

We continue to support robust energy efficiency plans and are following customer participation trends and market trends to develop our recently filed five-year plan and would continue to do so if any new legislation passes. Our plan has several new and innovative features for customers to continue to deliver on our long history of successful energy efficiency programs. We do not view either the legislation or our five-year plan as reducing energy efficiency programs by the scale described in the question.

-
10. *Please explain the differences in taxes paid. On January 8th information the amount is \$160,000. February 5 data the value is \$75,000. Which is correct?*

Alliant Energy Response – \$160,000 is the correct amount.

11. *Do the reintegration costs include a premium for updating to a 25 KV system from the current 13.8 KV system?*

Alliant Energy Response - The costs assumed are a blend of both 15 kV and 25 kV standards. Cost differences between the two standards is minimal

Municipal Electric Questions List from Andy Johnson

1. The Alliant /Concentric reports states that under municipal ownership, the “City will have greater control over the decisions that relate to the specific services to be provided” (page 10). Isn’t that the objective of the proposed municipalization effort?

Response: The Concentric Feasibility Report provides an independent, unbiased assessment of the feasibility of the municipalization of the electric distribution system in Decorah. As such, in addition to considering the financial feasibility of the effort, Concentric’s report identifies certain other factors that should be considered by the City Council and the citizens of Decorah. One such factor is that municipalizing the utility provides local control over the electric utility. The study also provides some insights as to what local control means. As noted in the study, local control means deciding what services are to be provided as well as spending priorities, oversight, and management of the utility and responsibility for operations and maintenance of the system. In addition, local control means establishing some form of governance procedures to run the municipality. All of these factors, which are discussed in Concentric’s report, are important to be considered in the decision to municipalize.

It would be incorrect to assume that the study is suggesting that full local control is always in the best interest of a community. A municipal electric utility is a monopoly no different than an investor-owned utility. Municipal utility actions, including setting rates, are performed without public input or review by industry experts. However, the customer protections and governance from the Iowa Utilities Board offers many more customer protections with Alliant Energy than with municipal ownership.

These include:

- Impartial and independent third party oversight of rates, investments, and processes
- Thorough exchange and evaluation of information with the IUB, Office of Consumer Advocate, environmental advocates, and customer groups
- Mechanism for public input on all aspects of business, including rates, and public vetting of complaints
- Significant public notification and meeting requirements
- The IUB analysis is conducted by subject matter experts with experience in their fields – lawyers, accountants, engineers, and environmentalists.

-
2. The report states that “expected electricity prices may turn out to be higher or lower due to factors that are both within and beyond the municipality’s control” (page 12). So Alliant / IPL concedes that electricity prices under an MEU could be lower than the electricity prices they currently offer?

Response: Both feasibility studies presented to the City have provided some base case assessment of the financial feasibility of the electric utility operations, if owned by the City. The Concentric Feasibility Study also acknowledges and encourages the City and the citizens to consider scenarios beyond the base case planning scenario. As such, the

Concentric Feasibility Study considers how costs below those projected in the base case study would affect the financial feasibility of a municipal electric utility. The results of those scenarios are presented in Section 6 of the report. Specifically, figures 18 and 19 in the Concentric Feasibility Report outline the results of two alternative cost scenarios, a lower bound, where the costs of running the municipal electric utility are lower than the base case assumptions and an upper bound, where the costs are higher than what was projected in the base case. The summary results are presented below for the Council's convenience. To be clear, under none of these scenarios is it more financially beneficial for the community or its citizens to be served by a municipal utility.

Figure 18: Upper Bound Scenario: 2024 Transition

	2024	2026	2031	2036	2041	2046
	-----(\$000)-----					
IPL Est Rate Revenue	\$ 11,517	\$ 11,517	\$ 12,029	\$ 12,564	\$ 12,840	\$ 13,412
City of Decorah Municipal Electric Cost of Service						
Debt Service (Principal & Interest)	\$ 4,486	\$ 4,428	\$ 4,766	\$ 5,609	\$ 5,980	\$ 6,373
Power Supply & Delivery						
Purchased Power and Capacity	\$ 3,866	\$ 4,084	\$ 4,831	\$ 5,484	\$ 6,215	\$ 7,032
ITC Transmission Expense	\$ 2,371	\$ 2,443	\$ 2,669	\$ 2,832	\$ 3,094	\$ 3,283
O&M Expenses						
Operations and Maintenance Expense	\$ 1,906	\$ 2,003	\$ 2,266	\$ 2,564	\$ 2,901	\$ 3,282
Customer Accounting	\$ 252	\$ 265	\$ 300	\$ 339	\$ 384	\$ 434
Administrative & General	\$ 1,264	\$ 1,328	\$ 1,502	\$ 1,700	\$ 1,923	\$ 2,176
Energy Assistance Program	\$ 4	\$ 4	\$ 4	\$ 5	\$ 6	\$ 6
Energy Efficiency	\$ 434	\$ 456	\$ 516	\$ 583	\$ 660	\$ 747
Total Decorah Municipal Cost of Service	\$ 14,583	\$ 15,010	\$ 16,854	\$ 19,116	\$ 21,163	\$ 23,333
Replacement Property Taxes	\$ 89	\$ 94	\$ 106	\$ 120	\$ 136	\$ 153
Total Decorah Cost	\$ 14,673	\$ 15,104	\$ 16,960	\$ 19,236	\$ 21,298	\$ 23,486
City Estimated Savings \$/Year	\$ (3,156)	\$ (3,587)	\$ (4,932)	\$ (6,672)	\$ (8,458)	\$ (10,075)
Net Present Value 10 Year Savings	\$ (30,188)					
Net Present Value 20 Year Savings	\$ (57,946)					

The assumptions that have changed from the base case to derive the upper bound scenario are summarized below:

- Replacement capital investment of 4.50 percent;
- An energy efficiency incentive factor of 100.00 percent;
- Cost of debt of 6.50 percent;
- Operations and maintenance, customer accounting, and administrative and general costs of \$932/customer, or \$3.4 million in 2024;
- Alliant base rate increase of 2.20 percent every three years starting in 2021 (after the 6.10 percent assumed rate increase in 2018); and

- Going Concern valuation of \$9.5 million.

As shown, based on these assumptions, the cost of service under the municipal electric utility operation would be greater than Alliant Energy's continued operation of the system.

Figure 19, below, summarizes the results of the lower bound scenario. The assumptions that were changed from the base case in this scenario are summarized below:

- Replacement capital investment of 3.50 percent;
- An energy efficiency incentive factor of 50.00 percent, meaning that a Decorah municipal utility would have more conservative energy efficiency offerings;
- Cost of debt of 5.75 percent;
- Operations and maintenance, customer accounting, and administrative and general costs of \$491/customer, or \$1.8 million in 2020;
- Alliant rate case increase of 4.00 percent every third year starting in 2021 (after the 6.10 percent assumed rate increase in 2018); and
- Going Concern valuation of \$2.4 million.

Figure 19: Lower Bound Scenario: 2020 Transition

	2020	2021	2026	2031	2036	2041	2046
	-----(\$000)-----						
IPL Est Rate Revenue	\$11,026	\$ 11,467	\$11,926	\$12,899	\$13,952	\$ 14,510	\$ 15,694
City of Decorah Municipal Electric Cost of Service							
Debt Service (Principal & Interest)	\$ 3,209	\$ 3,170	\$ 3,411	\$ 3,680	\$ 4,343	\$ 4,640	\$ 4,957
Power Supply & Delivery							
Purchased Power and Capacity	\$ 2,456	\$ 3,214	\$ 4,084	\$ 4,831	\$ 5,484	\$ 6,215	\$ 7,032
ITC Transmission Expense	\$ 2,235	\$ 2,302	\$ 2,443	\$ 2,669	\$ 2,832	\$ 3,094	\$ 3,283
O&M Expenses							
Operations and Maintenance Expense	\$ 1,068	\$ 1,095	\$ 1,239	\$ 1,402	\$ 1,586	\$ 1,795	\$ 2,030
Customer Accounting	\$ 137	\$ 140	\$ 159	\$ 179	\$ 203	\$ 230	\$ 260
Administrative & General	\$ 599	\$ 614	\$ 695	\$ 786	\$ 889	\$ 1,006	\$ 1,138
Energy Assistance Program	\$ 3	\$ 3	\$ 4	\$ 4	\$ 5	\$ 6	\$ 6
Energy Efficiency	\$ 197	\$ 201	\$ 228	\$ 258	\$ 292	\$ 330	\$ 373
Total Decorah Municipal Cost of Service	\$ 9,905	\$ 10,741	\$12,262	\$13,810	\$15,634	\$ 17,316	\$ 19,080
Replacement Property Taxes	\$ 81	\$ 83	\$ 94	\$ 106	\$ 120	\$ 136	\$ 153
Total Decorah Cost	\$ 9,986	\$ 10,824	\$12,355	\$13,916	\$15,754	\$ 17,451	\$ 19,234
City Estimated Savings \$/Year	\$ 1,040	\$ 643	\$ (429)	\$ (1,017)	\$ (1,802)	\$ (2,942)	\$ (3,540)
Net Present Value 10 Year Savings	\$ (65)						
Net Present Value 20 Year Savings	\$ (6,560)						

As shown in this scenario, the estimated cost of the Decorah Power operation, while still higher than Alliant Energy's operating cost, is less than the base case analysis.

Finally, Concentric considered several sensitivities to the base case assumptions. As shown below, these sensitivities test individual assumptions in the base case analysis to determine

how the base case results would change on a 10-yr net present value basis. The base case shows the estimated savings (cost) associated with the municipalization effort. For each sensitivity, Concentric is showing how that base case would change with a change in that assumption. For example, changing the capital replacement rate from a base case of 4% to 3.5% would reduce the expected loss from the Decorah city utility from (\$11,039,000) to (\$10,199,000).

Figure 1: Base Case Sensitivities

	2021	2026	2031	10-YR NPV
	----- (\$000) -----			
Base Case City Estimated Savings	(\$522)	(\$1,075)	(\$2,765)	(\$11,039)
	----- Change in Values -----			
Assumption 1: Capital Replacement Costs				
Increase to 4.50%	(\$618)	(\$1,164)	(\$2,922)	(\$11,879)
Decrease to 3.50%	(\$426)	(\$985)	(\$2,609)	(\$10,199)
Assumption 2: O&M, Customer Accounting, A&G Costs				
Increase to \$865/customer (2021\$)	(\$1,414)	(\$2,036)	(\$3,910)	(\$18,316)
Decrease to \$504/customer (2021\$)	(\$80)	(\$598)	(\$2,198)	(\$7,432)
Assumption 3: Cost of Debt				
Increase to 6.50%	(\$616)	(\$1,168)	(\$2,859)	(\$11,398)
Decrease to 5.75%	(\$476)	(\$1,028)	(\$2,719)	(\$10,858)
Assumption 4: Rate Increase				
2.20% every 3 years	(\$580)	(\$1,194)	(\$3,016)	(\$11,947)
4.00% every 3 years	(\$450)	(\$924)	(\$2,444)	(\$9,889)
Assumption 5: Load Reduction due to NEM				
Decrease 0.50% annually (years 1-10), 0.25% (years 11-20)	(\$503)	(\$1,055)	(\$2,755)	(\$10,751)

It is important to recognize that all of the scenarios that have been presented by Concentric and Decorah Power are “Planning Scenarios” that take into consideration the expected costs of ongoing operations. None of the scenarios have presented any analysis that demonstrates what the cost would be to address a major storm event or any significant damage to the system. While not quantified by either Concentric or Decorah Power, this is a risk factor that must be considered by the City Council and the citizens in Decorah, particularly under Decorah Power’s desire to outsource the operation and maintenance of the system to non-local employees of other utility companies.

-
3. The report states that that the Iowa “statute does not give explicit guidelines as to how the IUB is to determine a reasonable price” for the assets to be acquired (page 13). However, the report appears to indicate that the methodology they have included in consistent with “IUB guidelines”. How do these two comments relate?

Response: As noted in the Concentric Feasibility Report, there is no specific statute governing the methodology that the IUB is required to use to value an electric distribution system for the purposes of municipal acquisition. The IUB, however, in its decision in the Five Cities case (Docket Nos. SPU-06-5, SPU-06-6, SPU-06-7, SPU-06-8, SPU-06-10, p. 19-20) relied on a Replacement Cost New and present worth depreciation. The IUB recognized that accounting

depreciation the relevant methodology for valuation purposes. Concentric has relied on this same methodology for valuing the assets in Decorah.

*Depreciation is a component of determining the fair market value of each city's distribution system. The Cities used a traditional straight-line accounting style of depreciation with some visual inspections and some statistical analyses added to their overall depreciation recommendation. IPL used a present worth depreciation method that is based on an actual inspection of the inventory for each city; the inventory is then depreciated based on the overall physical condition of the assets. Under IPL's method, depreciation changes as the distribution systems age, based on the condition of the assets. Depreciation in valuation cases such as these municipalization proceedings is different than depreciation in rate case proceedings involving rate-regulated utilities. In rate cases, depreciation is used to reduce the book value of assets when designing rates to spread the cost of the assets over the useful life of the assets in order to recover those costs from all customers over the relevant time period. Depreciation is also used for tax purposes, which may have other purposes (accelerated depreciation as an incentive to investment, for instance). For rate cases and tax purposes, depreciation calculations are used for accounting treatment and the actual condition or market value of the asset may not be considered. In valuation cases, depreciation is used to reduce the beginning value of the asset (Replacement Cost New) to determine the fair market value of the asset. **An asset's book value is largely irrelevant in determining fair market value (unless the book value will be used to determine rates in the future, as in transactions between rate-regulated utilities). Instead, depreciation for valuation purposes should reflect the continued usefulness of the asset. Thus, for example, a particular piece of equipment may be fully depreciated for tax purposes, 90 percent depreciated for ratemaking purposes, yet still have 50 percent of its useful life remaining. In these circumstances and in an arm's-length transaction for fair market value, the 50 percent figure may be the most significant.***

The Cities' depreciation method frontloads the depreciation and reduces the current value of the asset. In contrast, IPL's method has a slower initial depreciation rate that increases as the asset ages, resulting in a higher current valuation for the distribution assets than the Cities' method. It is reasonable to conclude that for valuation purposes, an asset's value will typically decrease at a slower rate early in its useful life than when the asset becomes more aged. (Order in Docket Nos. SPU-06-5, 6, 7, 8,10 Page 20)

4. The report (page 23) references "primary metering" as an "efficient reintegration plan". Would Alliant/IPL be open to the idea of primary metering if Decorah were to develop a "detailed operational plan"?

Response: Alliant Energy is not open to a primary metering solution. The Decorah Power plan as outlined in its Feasibility Study (page 2-6) states that it plans to contract with a nearby utility to provide distribution operations and maintenance for the duration

of the feasibility study, which is 10 years. This plan does not provide an adequate level of service to Alliant Energy customers who would potentially be served by a system owned by a Decorah municipal utility. The nearest service provider is 20 miles away, which would add a minimum of 20 minutes of response time to an outage. In addition there could be other skilled positions such as substation personnel that the local provider does not have on staff and would have to come from an even further distance than 20 miles.

Our customers are accustomed to extremely reliable service in Decorah and the surrounding areas. A utility with an outsourced service team, or one served by a small, inexperienced local staff will likely not be able to meet this same level of service. We believe that our position is consistent with the decision of the IUB in the 2006 municipal cases and, as such, the Decorah Power study should assume that separation costs would likely be part of the takeover/startup expenses.

5. The report ends with the statement that “Large utilities are best equipped to plan, implement and operate these systems” (page 49). However, there are over 135 small municipal utilities in Iowa that are very successful and serve customers at lower rates than the large incumbent utilities. Does Alliant/Concentric suggest that only large utilities can provide value to customers?

Response: There are 136 municipal utilities in the state of Iowa. A number of municipal utilities serve customers at higher rates than the large incumbent utilities (see Slide 23 of Alliant’s presentation to City Council 2-5-18).

Of greater importance than the number of municipal utilities in existence is the number of communities to take over their utility systems. Since 1974, that number is zero. There are excellent municipal utilities in Iowa, but unlike a new Decorah system, they would not be operating with new, inexperienced staff or with 100% debt load. Nearly all municipals in Iowa were formed at the time of electrification and have slowly grown from first serving power in a community business district to eventually spreading lines to the edges of their community. This slow, methodical process is significantly different than what Decorah Power is proposing the city should do. The differences make rate comparisons, program comparisons, and reliability comparisons between a new municipal utility and existing municipal utilities unreliable and irrelevant.

Alliant Energy has 17 trained staff in Decorah and another 500 trained staff within a two-hour drive of Decorah. Alliant Energy has over \$500,000 in inventory in its Decorah Warehouse and about \$15 million of inventory in its Cedar Rapids Warehouse, located about two hours away from Decorah. Alliant Energy has additional employees geographically located throughout the state of Iowa. Additionally Alliant Energy has several hundred employees in its Wisconsin service territory.

In addition to operations personnel Alliant Energy has engineers, relay technicians, electric meter technicians, energy market analysts, 24/7 dispatch controllers, environmental and safety specialists, and other specialized personnel to ensure for a reliable, efficient, and robust distribution system. Most of the 136 municipal utilities in Iowa simply don’t have these subject matter experts on staff and cannot do so while providing rates that compete with Alliant Energy’s rates and service.

6. Alliant stated during their presentation that they have invested \$3 million in the Decorah system over the last 3 years, can you be more specific about what those investments were?

Response:

**Historical Capital Expenditures in Decorah
2015-2017**

Project Type	2017	2016	2015	3 Year Total
Large Projects	\$768,185	\$41,515	\$304,597	\$1,114,297
Small Projects	\$475,791	\$875,834	\$787,160	\$2,138,785
Total	\$1,243,976	\$917,349	\$1,091,757	\$3,253,082

Large Projects included:

- Highway 9 and 52 Road Move
- Quarry Road Move
- Life Extension of Circuit 5221
- Life Extension of Circuit 5222
- Rebuild parts of Circuit 5218

Small Projects are activities such as street light replacements, new services, replacement of poles, replacement of transformers, storm repairs, and small rebuild projects (under \$50,000) – there were over 300 of these types of projects over the last three years.

7. The Alliant/Concentric report (page 22) includes \$3.3 million in “incremental CapEx premunicipalization”, what do those improvements include?

Response: The \$3.3 million figure is the assumed capital investments that would be made by Alliant Energy from the time Decorah filed its case with the Iowa Utilities Board and a final decision by the Iowa Utilities Board or state court (if there is an appeal of the IUB decision). The figure is a recognition that some type of investments will be required to be made between the filing date and the decision date by the Iowa Utilities Board. This investment would represent repairs and replacements that would be required to continue to provide reliable service to the City of Decorah.

8. The Alliant/Concentric report (page 24) includes \$4.4 million for “Going Concern”, has the IUB included Going Concern as part of acquisition costs in its previous cases?

Response: The IUB’s decisions speak for themselves and we would encourage you to seek your own legal advice on those decisions. The IUB acknowledges in Docket Nos. SPU-06-

5, SPU-06-6, SPU-06-7, SPU-06-8, SPU-06-10, that “loss of revenue” is one of the categories that should be considered in establishing the price of the system.

The IUB will consider the following in establishing a reasonable price:

- 1) The cost of the facilities being acquired;
- 2) Any generation and capacity dedicated to the customer, including, but not limited to, electric power generating facilities and alternate energy production facilities not in service but for which the IUB has issued an order pursuant to Section 476.53;
- 3) Electric power generating facility emissions plan budgets approved by the IUB;
- 4) Depreciation;
- 5) Loss of revenue; and
- 6) Cost of reintegration of the system after the detached portion is sold.

-
9. Alliant/Concentric stated during their presentation, in previous cases “the IUB ruled that the asset buyout and reintegration costs averaged approximately 80% of Alliant Energy’s estimate”, are the values utilized in Alliant/Concentric report 80% or 100% of the Alliant Energy estimate?

Response: As discussed in response to question 3, Concentric’s RCNLD was established based on the methodology that was approved by the IUB. As noted in that decision, the IUB agreed that the IPL’s methodology was superior to the Cities’ methodology.

IPL's depreciation method is superior and consistent with Sheldon because it begins with an actual inventory inspection and bases depreciation on the overall condition of the asset. The 5 percent discount factor used by IPL is reasonable because it uses a fundamental valuation concept that the current value of service today is more valuable at present than service to be provided in future years. IPL's method more closely mirrors what generally happens to long-term infrastructure assets; as the assets age, depreciation tends to accelerate and fair market value is affected accordingly. (Order in Docket Nos. SPU-06-5, 6, 7, 8, 10, Page 21)

The difference in the acquisition price determined by the IUB and the Alliant Energy estimate in this decision was based on small adjustments to the reintegration costs for the system, not the calculation of the inventory of assets and the depreciation of the value of those assets. (see Order in Docket Nos. SPU-06-5, 6, 7, 8, 10, Pages 25-26)

-
10. **Detailed Inventory** During the presentation to the City Council on February 5, Mayor Borowski asked if Alliant has included a detailed inventory of all physical transmission and distribution system assets valued in the feasibility study (number of poles, transformers, etc.). The Alliant spokesperson said he thought such an inventory was in the narrative part of the report, and, if it isn’t, he said Alliant would be willing to furnish such a detailed inventory.

- a. A detailed inventory is not included in Concentric's report. Given that these numbers must be readily available (otherwise Concentric's system valuations would not have been possible), is Alliant willing to promptly provide this detailed inventory to the Council?
- b. If not, why not?

Response:

Item	Inside City Limits	Outside City Limits
OH 1 Phase Mileage	13.4	26.9
OH 2 Phase Mileage	2.0	5.7
OH 3 Phase Mileage	21.1	8.1
UG 1 Phase Mileage	10.5	7.7
UG 2 Phase Mileage	0.3	0.5
UG 3 Phase Mileage	6.1	1.0
OH Transformers	479	207
UG Transformers	187	148
Street Lights	314	59
Meters	4,107	699

11. **Distribution System Assets** According to Concentric's report:

"Concentric developed a preliminary estimate of the value of the assets in the City of Decorah based on the replacement cost methodology. The asset inventory was based on Alliant's estimate of the cost of the assets. The RCN estimate was developed based on an estimate of the current inventory of assets in Decorah. The current replacement cost was estimated for these assets based on Alliant's cost estimating team."

(Concentric Report, pg. 21)

- a. Why did Alliant have to *estimate* the cost of the company's assets? Does the company not maintain records of the original cost?
- b. Why did Alliant have to *estimate* the current inventory of assets in Decorah?
- c. Does the company not have a list of all assets?

Response: Because the methodology used by the Iowa Utilities Board is Replacement Cost New Less Depreciation, the original cost of the assets is not relevant to the estimate of the cost to acquire the system. To determine the Replacement Cost New Less Depreciation, Alliant Energy had to "redesign" system using its design tool and current cost of construction. Alliant Energy has a list of assets contained within its Geographic Information System (GIS).

12. **Substation Cost Estimate** Can you break down this cost on the basis of the following categories listed in the Concentric Report? (pg. 22)

- a. The cost to construct the substation
- b. The land purchase
- c. Feeder exits

d. The transmission extension to the substation

Response:

Item	Cost
Substation Construction	\$4,840,219
Land Purchase	\$248,358
Feeder Exits	\$430,487
TOTAL	\$5,519,064

Transmission extension to substation is part of ITC Midwest expense. The utility is not billed directly for that expense; it is part of ITC Midwest rates.

13. **Recent Investments in Decorah** During the presentation to the City Council on February 5, Alliant claimed to have spent \$1m per year in Decorah for each of the last three years. The Alliant website for Decorah says “We’ve recently invested \$1.8 million in the last five years on area grid upgrades to improve reliability.”
- Which amount is correct?
 - Are you willing to provide a detailed list and dollar amounts of these annual investments over the last five years?

Response:

**Historical Capital Expenditures in Decorah
2015-2017**

Project Type	2017	2016	2015	3 Year Total
Large Projects	\$768,185	\$41,515	\$304,597	\$1,114,297
Small Projects	\$475,791	\$875,834	\$787,160	\$2,138,785
Total	\$1,243,976	\$917,349	\$1,091,757	\$3,253,082

Large Projects included:

- Highway 9 and 52 Road Move
- Quarry Road Move
- Life Extension of Circuit 5221
- Life Extension of Circuit 5222
- Rebuild parts of Circuit 5218

Small Projects are activities such as street light replacements, new services, replacement of poles, replacement of transformers, storm repairs, and small rebuild projects (under \$50,000) – there were over 300 of these types of projects.

The materials were provided for the website ahead of the formal study and did not include a full detailed picture of all of the smaller projects, causing under-estimation the investments. This data will be updated on the website.

14. **Luther College** Luther College is a Large General Service (LGS) customer.
- Why does Slide 10 not include the LGS customer class in addition to Alliant's residential, commercial, industrial, and municipal lighting classes?
 - Has Alliant integrated Luther College as a commercial or an industrial customer on Slide 10?

Response:

Because there are numerous rate codes, Alliant Energy used the appropriate rate code and associated revenue and classified customers into 4 classifications – residential, commercial, industrial, and lighting. To protect our customers' privacy, Alliant Energy does not make public customer-specific information. Luther College is included in the appropriate customer classification based on its rate code.

15. **Local Operating Costs** The bottom two lines in the table on Slide 13 are based on Concentric's updated rate analysis. They indicate that the average MEU rate (\$0.1197/kWh) is actually significantly lower (15.5%) than the average Alliant rate (\$0.1417).
- Are these numbers correct?
 - If so, wouldn't it make more sense to say this at the top of Slide 13 rather than "Decorah Power's average expected operating cost (\$/kWh) will be 35% more than predicted by Decorah Power, which will impact customer rates"?

Response:

Slide 13 shows the cost structures outlined in the Concentric Feasibility Study and the Decorah Power Feasibility Study. These studies are based on very different assumptions of kWh sales. Since the rates that are reported in both studies are calculated as total cost/kWh sales, and the kWh sales projections differ, the rates that are reported in the studies are not comparable. Alliant Energy's actual annual sales volume in Decorah is 81,652,000 kWh. Decorah Power estimates the sales volume to be 126,078,269. When you divide the same total cost by different kWh sales, you will get different rates. Therefore, in order to make the rate comparison comparable, it is necessary to use one sales forecast for both the Concentric and Decorah Power projected costs to be able to make any conclusions about the final rates.

The last two lines in Slide 13 establish rates for both a Decorah city utility and Alliant Energy using Decorah Power's projected cost structure and Alliant Energy's actual kWh sales. Using the same denominator puts the rates on common terms. Concentric's analysis has not altered Decorah Power's cost structure assumptions for purposes of this comparison only. Therefore, since the Decorah Power Feasibility study assumptions conclude in total dollars, that service from Alliant Energy would cost more than service from a municipal utility, it also stands to reason that when you divide both of these costs by Alliant Energy's actual kWh sales in Decorah, the relationship between the rates would not change.

The important conclusion from this slide is that when adjusted for the actual sales volume, the Decorah Power projected rate would be \$0.1197, not \$0.0908. This is before making any other corrections to Decorah Power's cost estimates.

Alliant Energy's 2017 weighted average rate for service is shown below (from slide 11). Comparing the corrected Decorah Power projected rate for the municipal utility, (using actual kWh sales) to Alliant Energy's actual weighted average rate demonstrates that the Decorah Power Feasibility study is projecting potential savings of \$0.0072/kWh, or approximately 5%. Of course, this will change dramatically if the true costs of acquiring the system are included in the Decorah Power model. As noted previously, both the Concentric and the Decorah Power feasibility studies are only considering normal operations. Neither predicts the effects of storm events, declining customer use or other factors that could be financial negatives.

Customer Class	Average Retail Rate by Class (\$/kWh)	kWh Load (Annual)	% of Customers by Load for Decorah	2017 Weighted / Average Rate - Alliant
Residential	\$0.1638	21,634,000	26.50%	\$ 0.0434
Commercial	\$0.1404	31,157,000	38.16%	\$ 0.0536
Industrial	\$0.0833	28,656,000	35.10%	\$ 0.0292
Municipal Lighting	\$0.2744	205,000	0.25%	\$ 0.0007
TOTAL		81,652,000		\$ 0.1269

16. **Condemnation Process** Concentric's report notes:

"Concentric's Base Case assumes an aggressive timeline, where the City begins operation in 2021. This schedule reflects less than three years for the completion of the process and the transition to City operation and is considered aggressive, given the likelihood that a condemnation process will be required to establish the level of just compensation." (Concentric Report, pg. 30)

- a. Is a condemnation process a required feature of the IUB's price determination process?
- b. If not, is this an option Alliant intends to demand or request?

Response:

Alliant Energy has repeatedly stated its Decorah system is not for sale. Even if the parties were to reach an agreement for a voluntary sale to a Decorah utility, such a transaction would require the approval of the Iowa Utilities Board. Even under a voluntary sale, the Iowa Utilities Board would still determine if the transaction were in the public interest.

It should be noted that while a 2021 timeline may be aggressive for a municipal start-up, the Decorah Power study's timeline of 2018 is not at all feasible, which requires a number of adjustments just to get costs adjusted to the proper year.

Even if we did want to sell our system, in response to question 1 above, we have an obligation to all of our customers, investors, and stakeholders to follow a thorough and extensive process for any contracts or major transactions affecting the system.

17. **IUB Price Determination** Alternate Energy Production Facilities Not in Service.

Concentric's report includes the following IUB price determination factor: "Any generation and capacity dedicated to the customer, including, but not limited to, electric power generating facilities and alternate energy production facilities not in service but for which the IUB has issued an order pursuant to Section 476.53. . . ." (Concentric Report, pg. 14)

- a. What facilities are included in Concentric's study?
- b. How was Decorah's share of the generation and capacity related to these facilities calculated?
- c. Where are these facility costs included in the Concentric report? (Slide 14, Total costs? Slide 6, Acquisition of Physical Assets? Other?)

Response: The Concentric study does not include any costs related to stranded generation and capacity that may be currently used to serve customers in Decorah.

As shown in Figure 2 of the Concentric Feasibility study, the following are the assets that are included in the buyout of the system.

Asset Category	Replacement Cost Depreciated 2021 (\$ million)
Substation	\$3.2
Poles, Towers, Fixtures	\$5.4
Overhead Conductor	\$2.5
Underground Conduit	\$3.4
Underground Conductor	\$1.2
Transformers- Overhead Line	\$1.1
Transformers- Padmount	\$0.8
All Service	\$1.6
Meters	\$0.6
Streetlights	\$0.2
Incremental CapEx pre-municipalization	<u>\$3.3</u>
Total	\$23.3

18. **Valuation Methodology – IUB Precedent.** Toward the end of Alliant's presentation on February 5, the Alliant Energy spokesperson noted that the IUB awarded about 80 percent of the system acquisition cost determined by the utility. (Slide 20)

- a. Alliant reports its estimated system cost value on Slide 5. Do these figures represent Alliant's full valuations or are they adjusted figures assuming the IUB will reduce Alliant's valuations by 20%?

Response:

As noted in the Concentric Feasibility Report, there is no specific statute governing the methodology that the IUB is required to use to value an electric distribution system for the purposes of municipal acquisition. The IUB, however, in its decision in the Five Cities case (Docket Nos. SPU-06-5, SPU-06-6, SPU-06-7, SPU-06-8, SPU-06-10, p. 19-20) relied on a Replacement Cost New and present worth depreciation. The IUB recognized that accounting depreciation the relevant methodology for valuation purposes. Concentric has relied on this same methodology for valuing the assets in Decorah.

Depreciation is a component of determining the fair market value of each city's distribution system. The Cities used a traditional straight-line accounting style of depreciation with some visual inspections and some statistical analyses

added to their overall depreciation recommendation. IPL used a present worth depreciation method that is based on an actual inspection of the inventory for each city; the inventory is then depreciated based on the overall physical condition of the assets. Under IPL's method, depreciation changes as the distribution systems age, based on the condition of the assets. Depreciation in valuation cases such as these municipalization proceedings is different than depreciation in rate case proceedings involving rate-regulated utilities. In rate cases, depreciation is used to reduce the book value of assets when designing rates to spread the cost of the assets over the useful life of the assets in order to recover those costs from all customers over the relevant time period. Depreciation is also used for tax purposes, which may have other purposes (accelerated depreciation as an incentive to investment, for instance). For rate cases and tax purposes, depreciation calculations are used for accounting treatment and the actual condition or market value of the asset may not be considered. In valuation cases, depreciation is used to reduce the beginning value of the asset (Replacement Cost New) to determine the fair market value of the asset. **An asset's book value is largely irrelevant in determining fair market value (unless the book value will be used to determine rates in the future, as in transactions between rate-regulated utilities). Instead, depreciation for valuation purposes should reflect the continued usefulness of the asset. Thus, for example, a particular piece of equipment may be fully depreciated for tax purposes, 90 percent depreciated for ratemaking purposes, yet still have 50 percent of its useful life remaining. In these circumstances and in an arm's-length transaction for fair market value, the 50 percent figure may be the most significant.**

The Cities' depreciation method frontloads the depreciation and reduces the current value of the asset. In contrast, IPL's method has a slower initial depreciation rate that increases as the asset ages, resulting in a higher current valuation for the distribution assets than the Cities' method. It is reasonable to conclude that for valuation purposes, an asset's value will typically decrease at a slower rate early in its useful life than when the asset becomes more aged. (Order in Docket Nos. SPU-06-5, 6, 7, 8,10 Page 19-20)

Response: As discussed in response to question 3, Concentric's RCNLD was established based on the methodology that was approved by the IUB. As noted in that decision, the IUB agreed that the IPL's methodology was superior to the Cities' methodology.

IPL's depreciation method is superior and consistent with Sheldon because it begins with an actual inventory inspection and bases depreciation on the overall condition of the asset. The 5 percent discount factor used by IPL is reasonable because it uses a fundamental valuation concept that the current value of service today is more valuable at present than service to be provided in future years. IPL's method more closely mirrors what generally happens to long-term infrastructure assets; as the assets age, depreciation tends to accelerate and fair market value is affected accordingly. (Order in Docket Nos. SPU-06-5, 6, 7, 8, 10 Page 21)

The difference in the acquisition price determined by the IUB and the Alliant estimate in this decision was based on small adjustments to the reintegration costs for the system, not the

calculation of the inventory of assets and the depreciation of the value of those assets. (see Order in Docket Nos. SPU-06-5, 6, 7, 8, 10, Pages 25-26)

19. Average System Retail Rate Estimates

- a. How did Concentric calculate the projected municipal rate and the projected Alliant rate?
- b. The main claim at the end of Alliant’s presentation to the public on January 8th was that Decorah ratepayers would see a 30% increase in their rates under a new Decorah municipal utility. Which rates on Slide 16 substantiate this claim?

Response:

- a. Concentric calculated the projected municipal rates as the total expected cost of service for the municipal electric utility divided by the kWh sales. Concentric assumed that sales are flat in Decorah at historical sales of 81,652,000 kWh.
- b. Slide 16 only shows the rate analysis through 2027 in an effort to match the time window used by Decorah Power, and to reduce the data on the slide. As of 2027, the customer costs for the Decorah utility would be approximately 15% greater than Alliant Energy’s rate (\$0.1687 for the municipal utility compared with \$0.1476 for Alliant energy). The calculations below show the rates for a municipal utility and Alliant Energy based on the base case estimated revenue for Alliant Energy and the base case projected cost of a municipal utility. As shown in this analysis, the rate increases range from 4.6% to 45.65% over time. As you can see, it’s important to take the feasibility model beyond the ten years Decorah Power’s model provides. The calculations continue to show the growing cost impacts for citizens in the later years of Concentric’s model.

Values from Figure 17 of Concentric Report							
	2021	2026	2031	2036	2041	2046	
IPL Est Rate Revenue	\$ 11,357	\$11,698	\$12,410	\$13,166	\$13,561	\$14,387	
Total Decorah Cost	\$ 11,879	\$13,478	\$15,175	\$16,804	\$19,184	\$20,955	
MEU Rate	\$ 0.1455	\$ 0.1651	\$ 0.1858	\$ 0.2058	\$ 0.2349	\$ 0.2566	
Alliant Rate	\$ 0.1391	\$ 0.1433	\$ 0.1520	\$ 0.1612	\$ 0.1661	\$ 0.1762	
Increase in rates MEU v. Alliant	4.60%	15.22%	22.28%	27.63%	41.46%	45.65%	
kWh sales	81,652,000						

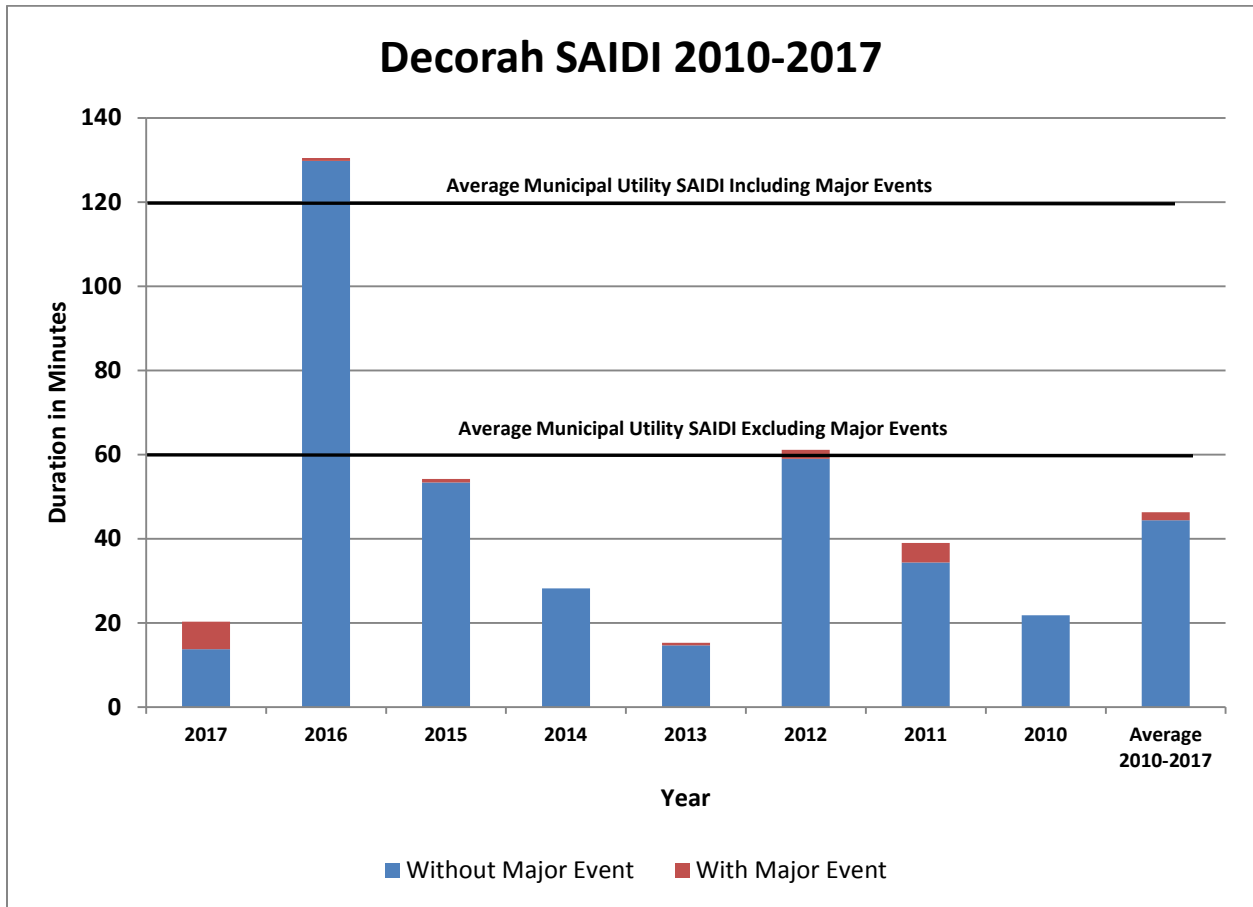
20. Reliability. (Alliant Slide 22)

Can you furnish separate slides for Alliant's reliability in Decorah for each year starting in 2010?

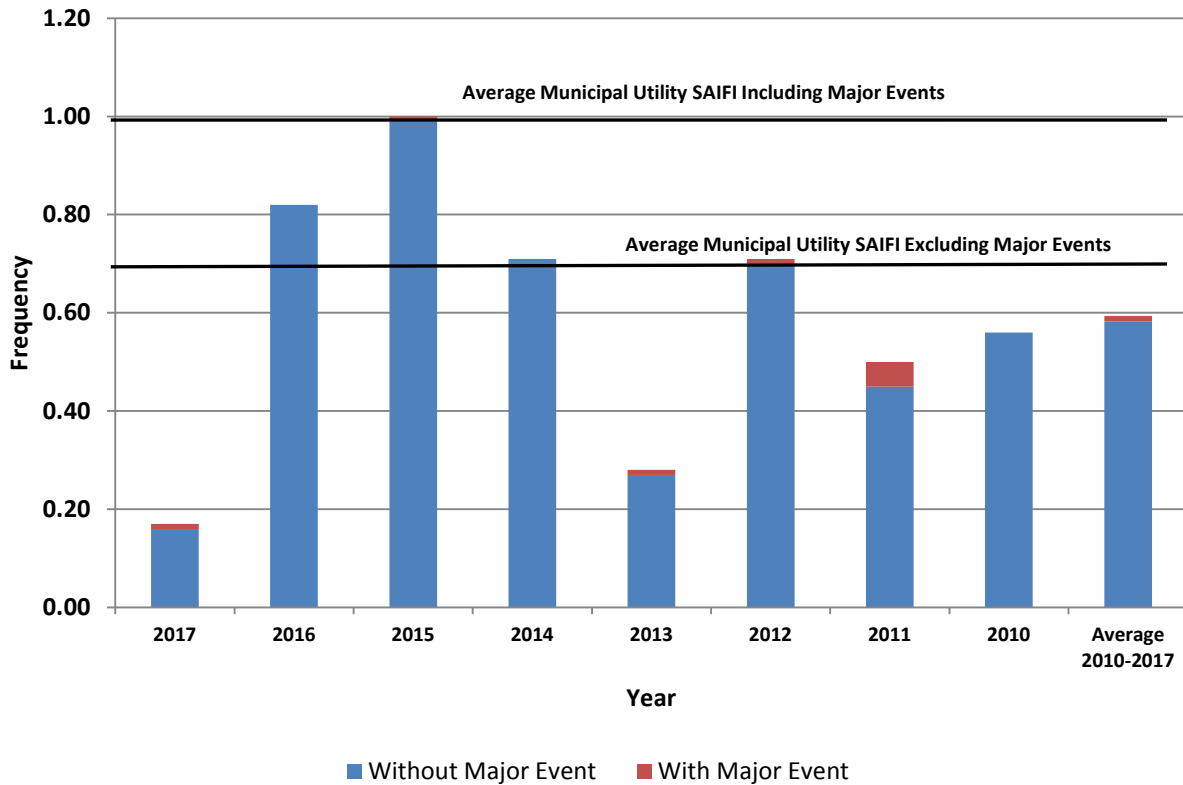
Response: System Average Interruption Duration Indices (SAIDI) and System Average Interruption Frequency Indices (SAIFI) for 2010-2017 are shown below.

According to the Energy Information Agency of the United States Department of Energy the average municipal utility in the United States has a SAIDI of 60 minutes excluding major events and a SAIDI of 120 minutes including major events. The average Decorah SAIDI for 2010-2017 without major events is 44.4 minutes or about 74% of the average municipal utility and 46.3 minutes when including major events or about 39% of the average municipal utility. About 80% of the outage minutes in 2016 were due to a single wind and lightning event.

According to the Energy Information Agency of the United States Department of Energy the average municipal utility in the United States has a SAIFI of 0.7 events per customer excluding major events and a SAIFI of 1 event per customer including major events. The average Decorah SAIFI for 2010-2017 without major events is 0.58 events per customer per year or about 82% of the average municipal utility and 0.59 events per customer per year when including major events or about 59% of the average municipal utility.



Decorah SAIFI 2010-2017



21. Appeals. (Concentric Report, pg. 87/145)

Does Alliant intend to file an appeal in District Court if the IUB rules in favor of establishing a municipal utility in Decorah? If so, why?

Response:

A decision on whether to appeal a decision of the Iowa Utilities Board would not be made until after a thorough review of any order issued by the Iowa Utilities Board.

**Questions from the general public
Through Friday, February 9, 2018**

Question: *This concerns me on so many levels, and my biggest concern is that I have absolutely no say in the matter. I have a hard time believing that the accurate figures from both sides can be so far apart.*

Decorah has stated that they have no one qualified to do the work, and will have to hire people from "out of town". How does that help the local economy? People that live here lose those jobs, they buy electricity from the same source as Alliant, but save the city money? These are the simple questions.

Jody Niess

Response:

Jody – Thank you for your question. You have outlined valid concerns the council should consider.

While those outside the city limits will be prevented from voting on whether or not outlying areas will be included in a potential municipal utility, customers in these areas can submit comments to the Iowa Utilities Board if Decorah attempts to include in the municipal utility any homes and businesses outside the city limits. You could also contact the city council to express your concerns.

You may have noted that Decorah Power did not include any costs related to separation of the system in their feasibility study; in other words, they have assumed that the homes and businesses outside the city limits will be included in the municipal utility. If these homes and businesses were not included in the municipal utility, our system would need to be separated between the two areas, which we estimate would cost around \$11 million. That cost would be paid by the citizens of the municipal utility through their rates. Alliant Energy believes a credible feasibility study should include an estimate of these costs to ensure Decorah residents and those outside the city limits have a clear picture of the total costs included in municipalizing before a vote is held.

We, too, are concerned about the differences between Decorah Power's estimates and Concentric's study. A significant reason for the differences is the Decorah Power depreciation method. Decorah Power frontloads the depreciation and reduces the current value of the assets. In contrast, IPL's method has a slower initial depreciation rate that increases as the asset ages, resulting in a higher current value for the distribution system than Decorah Power's estimate. It is reasonable to conclude that for valuation purposes, an asset's value will typically decrease at a slower rate early in its useful life. The method used by Decorah Power was similar to the method used by the cities that were denied approval to municipalize in the 2006 cases.

In those cases, the final price—as determined by the Iowa Utilities Board—was a multiple of between 2 and 5 times what the cities had valued the system at. The Decorah Power study values the system at about 25% of the Concentric methodology or a multiple of about 4, which aligns with the undervalued assessments in the prior cases. By further comparison, the method used in the Concentric study is the methodology that was approved by the Iowa Utilities Board.

The prices used by both Concentric and Decorah Power for power and energy are generally very close to each other – you are correct that there is not a cost savings to Decorah Power for

power and energy. Additionally Decorah Power has stated publicly that their initial mix of energy would be 30% renewable. Assuming a 2021 start-up for a Decorah municipal electric utility, 40% of Alliant Energy's Iowa energy would be generated from renewable resources.

Finally, as you noted, Alliant Energy has 17 employees in our Decorah Operating Facility. These employees provide service that is better than the average electric municipal utility in the United States, as shown in our presentation to the city council.

Question: *Currently, we are dumping a lot of our solar panel energy output back into the grid that we will never recoup unless we double our electric use (longer story than you need to hear on that), but was wondering about the how a municipal utility would impact those of us who have solar production. Lots of issues there, I suspect.*

I haven't studied it closely but am suspecting (after the initial rebates which helped pay for our system) that Alliant is not particularly solar friendly at the present??

Thanks for asking.

Bob Felde

Response:

Bob – you raise an important question.

The rate-regulated utilities are required by the Iowa Utilities Board to offer a net metering option for private generation customers, and the Board sets the rate which customers are credited. Customers who install private generation (after May 1, 2017 and during the 3-year pilot) receive the full retail rate for their generation up to 100% of their load or 1 MW (whichever is less). Private generation above 100% of their load is cashed out annually at the utilities' avoided cost with half of the credit going to the customer and half of the credit going to the utility's low income customer assistance fund. Customers who install private generation during the pilot period, can remain on the tariff for 25 years or the life of their equipment even if a new tariff is introduced. Customers who had already installed private generation before May 1, 2017 were grandfathered into the previous tariff which allowed for crediting all of their generation at the full-retail rate.

There is a significant risk for current net metering customers if a municipal utility is formed as municipal utilities are not rate-regulated and not required to offer net metering. While promises will likely be made, the financial struggles that will come from a higher-cost, high-debt municipal system could put net metering customers' current rates at risk.

Across Iowa, the municipals and RECs who offer net metering offer less-attractive net metering rates because of net-metering's impact on smaller customer bases and rates. Some of the Decorah Power learning session speakers from RECs and municipals have noted this. Only six municipal utilities in Iowa with more than 1,000 customers, out of 38, offer a net metering rate. Concentric has researched net metering programs in Iowa and found that:

- Six of Iowa's 38 municipal utilities with over 1,000 customers (or 16%) offer net metering programs, which vary considerably.
- Bill Offsets: Most municipal utilities have per-customer net metering limits (ranging from 5 kW – 500 kW), compared to Alliant Energy's Iowa utility's limit of 1,000 kW.

- **Excess Generation Credits:** Alliant Energy credits existing customers' monthly excess generation at the same rate it charges customers. The Iowa municipal utilities' net metering programs offer similar provisions.
- **Annual Cash Out:** Alliant Energy offers an annual cash out of net excess generation at an avoided cost "buyback rate," which is the cost to construct new generation. Four of the six Iowa munis offer annual cash outs, two at the avoided cost rate and two at a proportion of the standard rate or rate similar to the standard rate charged customers.

Question: *I have attended one meeting and have not seen it in the presentations. Sorry if I have missed this information.*

- *What percentage of the power usage in Alliant energies territory is used within the city limits?*
- *What percentage of the power usage in the Alliant Energy Territory is used by businesses (nonresidential)?*
- *How are businesses that use a large percentage of the power in the area supposed to have their voice heard if it goes to a ballot?*

William F. Holland

Response:

Thank you for your question, William. The following chart provides answers:

Customer Type	2016 Iowa*	2016 Decorah	Decorah as % of Iowa
Residential	3,632,961	21,634	0.60%
Commercial	4,159,161	31,157	0.75%
Industrial	6,731,405	28,656	0.43%
Public Street and Highway Lighting	40,162	205	0.51%
* Data Source - IPL IE-1 Report 2016			

Each eligible resident of Decorah gets one vote, so other than contacting the city council, businesses would not have a say on municipalization.

Question: *Who are the members of Decorah Power? What will it cost the city to get this issue on a ballot? Auditor costs Attorney costs to create ballot Additional study costs, if any*

Don Arendt

Response:

Thank you for your questions, Don. Some of your questions are best answered by the City and by Decorah Power. However, we understand that half of the members of Decorah Power are city residents and not all have homes in the current Alliant Energy territory.

Ballot, auditor and attorney costs are best estimated by the City of Decorah.

In the Concentric study, it was estimated that the cost for the city to request municipalization at the Iowa Utilities Board would be over \$2 million. These funds could reduce the available budget for spending on police, fire, parks, affordable housing, etc.; that question is best posed to the city.

Question: *David Ohlert*

*Resident versus non-resident concerns doesn't seem fair or right.
How can the city maintain a high service level and efficiency?
Luther voting block is very disconcerting...*

Response:

Thank you for your questions, David.

While those outside the city limits will be prevented from voting on being included in a potential municipal utility, individuals and businesses in those areas can submit comments to the Iowa Utilities Board if Decorah attempts to include any homes and businesses outside the city limits in the municipal utility. A non-resident who would be affected could also express concerns to the city council. You may have noted that Decorah Power did not include any costs related to separation of the system in its feasibility study; in other words, Decorah Power has assumed that the homes and businesses outside the city limits will be included in the municipal utility. If these homes and businesses were not included in the municipal utility, our system would need to be separated between the two areas, which we estimate would cost around \$11 million. That cost would be paid by the citizens of the municipal utility through their rates. Alliant Energy believes that a credible feasibility study should include an estimate of these costs, which will ensure Decorah residents and those outside the city limits have a clear picture of the total costs included in municipalizing before a vote is held.

Alliant Energy has 17 employees in our Decorah Operating Facility that provide service that is significantly better than the average electric municipal utility in the United States. By comparison the Decorah Power plan would reduce and outsource those 17 jobs, and service would be provided by a different utility, located a minimum of 20 miles from Decorah. This immediately adds 20 minutes to the response and restoration times for the community.

Our local crews know the system and their knowledge further reduces outage time. An outsourced or inexperienced operations staff would add length to every outage. It would be unreasonable to expect that a municipal would retain the number of employees with the same experience level that Decorah enjoys with Alliant Energy, particularly at the reduced costs Decorah Power is guaranteeing.

Question: *I have three questions. Two regarding the proposal and one about filming.*

- 1. Why is the value placed on the assets so widely different between the two feasibility studies.*
- 2. Has Alliant provided actual numbers on the usage in Decorah? The Decorah Power study had to estimate usage. Do we now have the real number?*
- 3. I am considering making a documentary film of the process. Can I film the meeting next Tuesday?*

Thanks, Dennis Pottratz

Response:

Thank you for your questions, Dennis. We've numbered our answers to match your questions:

1. A significant reason for the differences between the valuations resulting from the two feasibility studies is Decorah Power's depreciation method. Decorah Power frontloads the depreciation and reduces the current value of the assets. In contrast, IPL's method has a slower initial depreciation rate that increases as the assets age, resulting in a higher current value for the distribution system than Decorah Power estimates. It is reasonable to conclude that for valuation purposes, an asset's value will typically decrease at a slower rate early in its useful life. The method used by Decorah Power was similar to the method used by the cities that were denied approval to municipalize in the 2006 cases.

For the 2006 cases, the final price as determined by the Iowa Utilities Board was multiples of about 2 to 5 times what the cities had valued the system at. The Decorah Power study values the system at about 25% of the Concentric methodology or a multiple of about 4 which aligns with the undervalued assessments in the prior cases. By comparison, the method used in the Concentric study is the methodology that was approved by the Iowa Utilities Board.

2. Actual numbers were provided in the presentation made to the Decorah City Council on February 5, 2018. Actual numbers would also be used at an Iowa Utilities Board proceeding.
3. Any filming would be at the discretion of the City Council.

Question: *As a city resident & an electric utility consumer I am very concerned about a change from the vast support network that Alliant has.*

Being a resident for past 26 years, there was not a time that the power was out for any amount of time. As being managers of K&S Foods for 13 years, we never experienced power outages that caused product loss or significant loss of operations.

Currently being a contractor, whenever I have needed help on anything from Alliant they were always there quickly & timely to take care of problems or wants I or my clients have needed.

Having a reliable, cost effective, proven electric utility is not something to take lightly for ALL electric users in Decorah, residents, retail, educational, manufacturing, Ag businesses, tourism and others.

*Thank You,
Kent & Marla Klocke*

Response:

Thank you for your comments, Kent and Marla. Alliant Energy takes reliability very seriously and has 17 trained employees locally located in Decorah, it appears that their functions would be outsourced under the Decorah Power plan.

You raise a very important point—service is not just about outages, but also about meeting contractor and customer needs for connections and troubleshooting.

In addition to our prior options, Alliant Energy has just added a phone app and text notifications to our offerings. More new technologies are around the corner. In a storm, our team can mobilize not only the hundreds of field crew members noted above, but extensive inventories of equipment and access to a nationwide network of utility support. There is mutual assistance available for municipal utilities, but that support comes from utilities not dealing with their own storm or emergency recovery. And, it comes with an additional bill that customers must cover.

Question: *Austin Ha*

Has the sustainability efforts of large companies/organizations like Luther impacted the revenues of the water system? Could that same thing happen to a city-owned electric utility?

We've been told by Alliant that past municipalization efforts have ruled out including territory outside the city limits. Decorah Power and the city attorney said they would consider it. My concern is that there's clearly a risk that they won't allow it – which would add \$11 million to the cost to separate the Alliant system from the system in Decorah's city limits. Since it seems like it could go either way, shouldn't we be including that – and any other risks in the Decorah Power study to show a worst case scenario before you ask voters to choose?

If the costs of asking the IUB for approval is \$1-2 million and we get told no – where does that come from the budget?

Does the budget that the council has been discussing include that for the next fiscal year?

Could the cost of electrical municipalization slow us getting faster fiber internet in the city?

Thank you

Response:

Thank you for your questions, Austin. We will defer to the city to answer questions about its water utility, but your premise is correct – lower usage results in lower revenues. As you can see below, energy sales in megawatt hours inside the city limits of Decorah have declined by about 7% from 2012 to 2016.

MWh Energy Sales Decorah City Limits					
	2012	2013	2014	2015	2016
Residential	22,316	23,453	22,634	20,951	21,634
Commercial	19,492	22,051	18,699	19,668	31,157
Industrial	45,783	44,324	47,219	42,526	28,656
Lighting	239	228	219	214	205
Total	87,920	90,055	88,770	83,359	81,652

Alliant Energy's feasibility study included system separation costs – the \$11 million you noted – but Decorah Power's study did not. We will defer to Decorah Power to respond to why it has not chosen to include these costs in its estimate and we will defer to the city on the budgetary and fiber internet questions you raised.

Question: *Chad ~ Andy Johnson presented misleading information last night in Freeport! Customer: If we don't get approved for Muni, what is stopping us from doing community solar? Andy Johnson: Alliant Energy will not work with us to build a community solar field. WED, Luther, NEICC, Winn Co, and City wanted community solar and Alliant Energy said "NO," we're not interested in that right now.*

That is not true, I was at the meeting Monday night, when AE rep talked about the largest community solar in Iowa that's in DBQ, and Ross Hadley said ya, we asked for it first but you wouldn't do it. Our rep said yes you did and that was 10 years ago we weren't in the position to do it, we are now and would like to work with the City of Decorah on it.

He repeated it several times that AE won't allow it, which just simply is not true.

Denise

Response:

Denise, thank you for your question. We are committed to helping communities build community solar. We did that very thing in Dubuque. In fact, the largest solar farm in the state of Iowa is our installation located in Dubuque. We would love to help other communities achieve a project similar to the one that was completed in Dubuque. We had initial discussions with City Administrator Bird and Andy Johnson of WED at a meeting last fall at city hall. We are currently evaluating locations within the city where a system could bring added benefits by placement by existing utility assets. We would like the opportunity to continue those discussions.

Previously, Alliant Energy was unable to reach an agreement for a community solar project in Decorah. To be clear, we never said "no," but instead offered an alternative method to get the project completed and in-service. We understand that it may not have been as financially lucrative to the developers of the project or on the exact terms that some of the parties wanted, but in our view, the offer was fair. After we made our offer, we did not receive a response or counteroffer. Alliant Energy remains interested in future projects in Decorah, as we made clear during the city council meeting.

As Terry Kouba noted to the council earlier this month, rerouting the money that would be spent on an Iowa Utilities Board filing into a joint project would provide a much faster route to sustainability for Decorah, and we would like to work on that with the community.

Question: *One of my questions I have for the City Council and Decorah Power is if Dave Berg admits he has never had a successful case taken before the IUB, and admits his specialty is in rate cases, not Municipal Feasibility Studies. With this information, how does he presume to be an expert on the subject and why should we believe and accept his feasibility study. Also, both Decorah Power and Alliant Energy claim to follow IUB methodology in their studies. Since both methodologies are worlds apart, which one are we to believe?*

I sincerely hope the City Council doesn't try to rush this to a vote without taking the time to do their due diligence on behalf of the residents for which they serve.

I've watched several City Council meetings lately and in my opinion, based upon both verbal and body language, it appears several Council Members are already biased towards Decorah Power. I assumed the City Council members were to serve their constituents, and not their own personal agendas. Maybe I was wrong.

Tina Tupy

Response:

Tina, thank you for your question. Concentric Energy Advisors was Alliant Energy's expert in the 2006 proceeding before the Iowa Utilities Board. The methodologies that have been used in the Concentric Feasibility Study are the same methods that were used in 2006 and were also used in the 1988 case where Sheldon attempted to create an electric municipal. We selected Concentric Energy Advisors to prepare a study for Decorah because they offer a knowledgeable and experienced view of the costs and benefits.

While it's often noted that we paid for the Concentric study, it's fair to also point out that the Decorah Power study was funded by individuals who have a strong stake in establishing a municipal utility, who may or not be eligible Decorah voters.