

Block 1 – Questions from the general public

DPT/DB: Jody Niess – The analysis and the numbers can be very confusing. That is why the Iowa Utilities Board is tasked with sorting out the fair answer for all parties involved. While the current proposal for local operation includes hiring an outside entity to manage operation of the system, local workers will be needed to actually perform the services. That may even be the existing Alliant employees. The source of wholesale power will actually be different if a municipal utility forms, it will not be the same source of power as Alliant. The municipal would have many different options available to pick from.

DBT/DB: Bob Felde – Our discussions with folks in Decorah have indicated that there is a desire to have full net metering for customer owned solar generation, up to a point. Under this scenario, you would be getting full credit for your energy. Those decisions, however, can only be made by a future Decorah municipal utility board, which would be accountable to you.

DPT/DB: William Holland – According to Alliant provided numbers, total sales in the Decorah city limits were 81,652 MWh. Alliant's 2017 Corporate Sustainability Report states that Alliant's total Iowa sources of energy were 16,418,055 MWh in 2016. Based on those numbers, Decorah would be about 0.5% of Alliant/IPL. Alliant's total Iowa and Wisconsin sources were 30,569,012 MWh, Decorah would be 0.27% of that total.

According to Alliant's 2016 Annual Report, 28% of retail energy sales were to residential customers and 72% were to commercial and industrial customers.

DPT: If a business owner lives in the city they are likely an eligible voter. If not, as in countless other matters where business owners do not live in the city, they have full access to city staff as well as a voice through business groups. It is important to note that per the advice of legal counsel, Decorah Power believes that if a city utility is created and serves a significant number of out-of-town customers, those customers could and should have representation on the board.

DBT: Don Arendt: the Decorah Power board members and much additional information are listed on their web site www.decorahpower.org. City staff would need to explain election costs.

DBT: David Ohlert – The Iowa Utilities Board will be the ultimate arbiter of territory, and determine the geographic scope and customer base of a future Decorah electric utility, if approved. While it is true non-residents are not able to vote in a city election, it is also true no current Alliant customer in or outside of the city was previously asked to vote to choose Alliant. It is important to note that per the advice of legal counsel, Decorah Power believes that if a city utility is created and serves a significant number of out-of-town customers, those customers could and should have representation on the board.

Regarding quality service and efficiency, as NewGen project team leader Dave Berg has stated well, virtually all electric utilities in this country have very, very good reliability. Overall reliability numbers we've seen for many municipal electric utilities are similar or better than Alliant's state-wide numbers, and on average municipal electric utilities in Iowa provide power to their customers at lower cost. (see reliability charts submitted under the Klocke question for actual data)

DPT/DB: Dennis Pottratz – It is difficult to pinpoint why the valuations are so different. It is not unusual in a case such as this that there would be a wide disparity between the numbers. As part of an IUB case, Alliant would have to provide specific inventories of equipment. There are also different ways to assess the value and the IUB will be the final arbiter of the final number. Alliant has provided their estimate of sales within the city and the total service area. We do not know the source of those numbers, nor why the Alliant study often uses the term “estimate” in discussing infrastructure, customers and sales, when they should have real data on the books.

The question re filming of the city meeting is up to the city.

DPT: Kent & Marla Klocke – All residents should be concerned about reliability. Reliability data strongly supports the fact that reliability for municipally owned utilities is as good as or better than investor owned utilities like Alliant. You should also expect that a locally owned and operated utility will also be responsive to your needs as a contractor. The American Public Power Association shared data with us as part of our community Learning Series, including the following two charts that compare 2015 reliability figures of utilities. This data comes from the Energy Information Agency <https://www.eia.gov/electricity/data/eia861/>. SAIDI represents average annual minutes of outage per customer, so smaller numbers are better, and you can see that public power compares well to investor-owned utilities (IOU), of which there are just two in Iowa: Alliant and MidAmerican. The first chart is national data, and the second chart is Iowa data.

National Data	EIA 2015			
	All	Coop	IOU	Public Power
Number of Utilities Submitting Data Nationally:	1045	173	512	360
National Reliability Metrics (IEEE Standard)				
Average of SAIDI With MED (IEEE)	243.72	302.03	234.91	124.95
Average of SAIDI Without MED (IEEE)	131.96	161.57	133.65	59.52
Average of SAIFI With MED (IEEE)	1.96	2.75	1.38	0.93
Average of SAIFI Without MED (IEEE)	1.52	2.05	1.15	0.73

State Data					
Pick a State to Evaluate Reliability Data:	IA	<-click on this box to select a state			
		2015			
Number of Utilities Submitting Data in This State:	All	Coop	IOU	Public Power	
	41	33	2	6	
Reliability Metrics (IEEE Standard)	All	Coop	IOU	Public Power	
Average of SAIDI With MED (IEEE)	81.56	91.20	99.00	17.86	
Average of SAIDI Without MED (IEEE)	63.90	69.91	94.00	17.86	
Average of SAIFI With MED (IEEE)	0.99	1.08	0.99	0.46	
Average of SAIFI Without MED (IEEE)	0.87	0.93	0.98	0.46	

DBT: Denise – We understand the confusion, but Alliant Energy’s Dubuque solar field is not a community solar field, unless they define community solar simply as being located near a community. “Community solar” in the energy and utility world generally means the solar array is open to customer subscription or ownership, whereby a customer pays a certain amount for the production of a set number of panels, and receives credit on their bill for the production over the long term, often 20 years or more. The Dubuque solar field is not open to subscription.

The Winneshiek Shared Solar proposal was a modified form of community solar submitted to Alliant Energy on June 15, 2015. The five participating institutions - City of Decorah, Winneshiek County Board of Supervisors, Winneshiek Medical Center, Northeast Iowa Community College, and Luther College – requested the ability to invest in large arrays in a common location with good grid access and receive credit for their production. Alliant Energy met with the parties in Decorah on a couple of occasions but never gave the WSS coalition a written reply to the proposal, despite numerous requests. Eventually, in response to an email from counsel, Alliant dismissed the core of the proposal as “not something IPL wishes to offer or pursue”.

DPT/SHB: Tina Tupy – While it is true that Dave Berg has not completed a municipal acquisition before the IUB, he has been a witness for numerous partial acquisitions of service territory by municipal utilities in Minnesota. Further, the basis for the municipalization analysis is a solid understanding of municipal utility economics, which Dave has been working in for over 30 years. Also, Dave is part of a larger NewGen team, which has experience in many aspects of electric utility economics, including appraisals, depreciation, cost of service and rate design for a variety of utilities, including municipal, cooperative and investor owned. Additionally, the NewGen team has been involved with several high profile municipalization effort in the past. For example, the NewGen team includes Scott Burnham and Nancy

Hughes, who have worked on the City of Boulder, Colorado municipalization study. Ms. Hughes has also been involved with the on-going effort for the San Joaquin Water District in California. Further, the NewGen team is supported by Exponential Engineering, LLC, who have also been involved in the City of Boulder municipalization effort.

Block 2 – Questions from Luther College

Questions 1 – 11 are directed to Alliant.

Questions for Decorah Power/NewGen:

1. DPT/SHB: We would assume they are using their billing data base by meter count for the Decorah area, however, we are not sure what records they are using. The difference could be due to apartments / duplexes, depending on how the meters are configured. Our estimate was based on information determined from our field survey.
2. DPT/SHB: We do not maintain a specific record of reliability rates for our municipal clients. However, we could investigate reliability metrics for municipal utilities in general if requested. There are specific metrics required by some public utility commissions with regard to outage duration and frequency, however, we have not investigated those metrics for Alliant.
3. DPT/DB: We had a total of approximately 91 miles of line in the entire service area. Table 1-1 or NewGen report (349,879 ft of overhead plus 130,394 ft of underground for a total of 479,799 feet = 90.9 miles)
4. DPT/SHB: The sensitivity case provided in our Feb. 8 presentation at Luther College included changing sales to 108,000,000 kWh as well as other adjustments. Just making the change in sales would decrease our sales assumption by 14.3%, but wholesale power costs and transmission costs would also be lower due to lower volume of purchases. Our average retail rate in year 1 would increase by approximately 4.5 % if we only adjusted the total sales and assumed that the mix of customers did not change.
5. DPT/DB: We do not agree with the inclusion of Going Concern. As a regulated utility, we believe Alliant is owed a fair price for their infrastructure, which is what drives their earnings. Inclusion of Going Concern overly benefits Alliant shareholders at Decorah citizens expense.
6. DPT/DB: We do not have specific numbers that we can share. We do know that the neighboring cooperative, MiEnergy does provide these services to some communities, they may be able to help you with your question.
7. DPT/ST: The City is able to abandon the effort to municipalize at any time. The referendum authorizes the City to pursue municipalization but municipalization cannot occur until the IUB approves it. If during the IUB proceeding, Alliant provides information that the City believes significantly changes the results of the feasibility study conducted by Decorah Power or the City (as the case may be) and would result in a valuation higher than the City wishes to pay, or if the IUB were ultimately to approve municipalization but values the system at a price the City is not willing to pay, the City may decide not to move forward.

Block 3 – Questions from Andy Johnson

These questions are directed to Alliant.

Block 3 – Questions from Jim Martin-Schramm

The first 12 questions are directed to Alliant.

Questions for NewGen:

1. DPT/DB: Yes, they include materials and labor.
2. DPT/SHB: a) The NewGen estimate was based on a field assessment of the types of assets that were visible and readily apparent to our engineer during the period of time he was in Decorah. We did not have a detailed inventory, despite the request to Alliant. Additionally, our RCN values are based on replacing the assets in current year dollars (2018), based on quotes and industry experience. Alliant's RCN values are based on a projected year (2021), utilizing a forecast for equipment and labor.
b) The NewGen estimates for depreciation were based on a visual estimate of the age and condition of the assets. We utilized the depreciation factors for physical depreciation as allowed by the IUB for Alliant. We did not conduct a "useful" life analysis for each of the assets in question (see response to Question 3 for specific depreciation analysis utilized by NewGen). I'll leave this for Scott
3. DPT/SHB: NewGen depreciated the Replacement Cost New value using the expected average service lives and survivor curves (mortality dispersion) for the assets based on Alliant's approved depreciation rates and factors at the time the feasibility analysis was performed (source: Alliant 2016 FERC Form 1 Annual Report). NewGen did not assume a discount factor in calculating the depreciation. The average installation year (age) of the plant facilities was estimated based on observations of the assets by Exponential Engineering Company during the field review. The resulting RCNLD calculation indicates that the assets are 64% depreciated, with 36% of the plant value remaining. NewGen did not adjust the RCNLD value for functional and economic obsolescence. In comparison, Concentric's RCNLD analysis estimated that the assets are 57% depreciated, with 43% of the plant value remaining, which is within 10 percentage points of the depreciation percentage estimated by NewGen. Additional inventory and condition assessments will be required to refine these estimates, as needed, to support an application to the IUB for municipalization.
4. DPT/SHB: NewGen did not include any value for right of way easements, for the same reason indicated in the Concentric report, i.e., information was not readily available at the time of the preliminary feasibility study to identify right-of-way easements owned by Alliant. However, we did include an estimated value of \$50,000 for the acquisition of the approximate two acres of land upon which the Decorah substation exists. This estimate was based on information provided by Decorah Power for undeveloped land in Decorah. NewGen agrees that further work is needed to determine the value of land and right of way easements to include in the acquisition cost in any future application to the IUB.
5. DPT/DB: We do not agree with Alliant's claim. In fact, in 2008 the IUB stated in their decision, that with regard to service boundaries, "unreasonable duplication of facilities should be avoided" and "the ultimate test in determining service area boundaries in municipalization cases

is one of reasonableness, taking into consideration engineering, efficiency, and other factors. Because cities often provide services or own property outside their city limits for such services as sewer, water, and airports, the Board does not rule out establishing electric service area boundaries that go beyond the city limits.” Additionally, we do not know what Alliant would define a detailed operational plan to be.

6. DPT/DB: If we only changed the acquisition price in our analysis to be \$19,981,630, our first year average retail rate would increase from \$0.0908 / kwh to \$0.1138 / kwh (an increase of 25.33%, but still less than the estimated Alliant rate of \$0.1331/kwh.
7. DPT/DB: This would include what are generally referred to as stranded costs. We have not included any of these costs in our feasibility report and neither has Concentric in their report.
8. DPT/DB: We believe our estimate of costs is more reasonable than Alliant’s.
9. DPT/DB: This question was also in the Luther College questions, which we answered as follows: We do not agree with the inclusion of Going Concern. As a regulated utility, we believe Alliant is owed a fair price for their infrastructure, which is what drives their earnings. Inclusion of Going Concern overly benefits Alliant shareholders at Decorah citizens expense.
10. DPT/DB: Interest rates have been low for some time now and while there is always movement in rates, it is difficult to say what they would be at any given time. We also do not agree that it will be 2021 before this transaction will be completed. Also, 20-year debt service at 5% is actually 10% more each year than 30-year debt at 6%. If rates did move up dramatically, longer term debt could be used to bring annual costs down.
11. DPT/DB: Alliant’s debt assumptions would actually make overall annual costs for the MEU lower due to the longer term actually lowers payments more than the higher interest rate increases them.

Questions for Attorneys:

1. DPT/ST: The applicable provisions of the Iowa Code are:

Section 388.2(2)a, which states: “If a majority of those voting for and against the proposal [to establish a city utility the city *may* proceed as proposed.” (emphasis added)

Section 476.23, which states: “Any municipal corporation, after being authorized by a vote of the people . . . *may* file a petition with the [Iowa Utilities] Board requesting a certificate of authority to furnish electric service” (emphasis added)

Both provisions state that the city *may* take action. May is permissive – action *is not* required by the statutes.

As a practical matter, the answer to the question depends upon the specific language of the referendum. Any referendum should authorize the City to pursue municipalization if the City determines that such action is in the best interests of Decorah.

Giving Concentric the benefit of the doubt, we do not believe that Concentric meant to say that the Council’s hands are tied once the voters approve the referendum. Rather, we believe Concentric meant to say that the referendum itself does not result in the right of the City to create a utility, but further approval of the Iowa Utilities Board must be obtained.

Block 4 – Questions from the general public – town hall meeting

DPT/DB: Steve Fedrick

1. There is no plan or desire to acquire Mi Energy customers.
2. The employees will be employees of the municipal utility which would be a city department, so yes.
3. The Iowa Utilities Board will be the ultimate arbiter of territory, and determine the geographic scope and customer base of a future Decorah electric utility, if approved. While it is true non-residents are not able to vote in a city election, it is also true no current Alliant customer in or outside of the city ever voted to choose Alliant. It is important to note that per the advice of legal counsel, Decorah Power believes that if a city utility is created and serves a significant number of out-of-town customers, those customers could and should have representation on the board.
4. All utilities are regulated, it just depends on where the regulation comes from. In general, IOUs like Alliant/IPL are regulated by the IUB. Consumer-owned utilities like MEUs and coops are regulated by local commissions and boards. Decorah Power has provided some rate comparisons in the companion report 'A Vision Shared' which is available on their web site at www.decorahpower.org
5. This would be a question for the city.

DPT/DB: Kent Klocke – His reliability question was addressed above. Inexperienced employees would not be utilized to operate the system. Over 130 Iowa municipal utilities exist and operate with qualified staff. The current plan for energy efficiency programs includes an increase in expenditures over what Alliant currently spends.

DPT/DB: Mark Lovelace – Ultimately, the IUB is tasked with resolving the differences between the studies and approaches. A third study without specific input numbers from Alliant will just be another shot in the dark. It is possible a third party could review both studies and give feedback to the Council that could be shared with the public well before the May 1 referendum date, but unlikely it would resolve the great discrepancy in numbers.

Scott Kirkeberg – apparently not a question.

DPT/DB: Braden Archer – municipal utilities are not rate regulated by the IUB, a local commission would be formed to provide that regulation

DPT/ST: Braden Archer - Municipal utility rates are not subject to Iowa Utilities Board regulation. Rather, they are set by the local utility's Board – which answers to the citizens of the city.

DPT/DB: Kent Klocke – We do not believe that an \$11 million expenditure is in the public’s best interest, in fact your question is another argument against \$11 million for reintegration.

DPT/DB: Steve Mauer – we have assumed flat loads. If loads decrease, some costs will also go down, some will not and average costs would thereby increase. No utility has access to free labor in the case of an emergency, not Alliant or an MEU. Currently, Decorah customers also help pay for repairs in all Alliant service areas.

Jim Martin-Schramm – not a question

Emily Neal – not a question

DPT: Don Arendt – The process has been ongoing for a year. In March of 2017 the city council authorized Decorah Power to conduct a feasibility study with privately raised funds, and appointed Steve Luse as council liaison. Alliant refused to provide information *requested by the city* regarding infrastructure, customer base, and sales in April 2017. The study was carried out in the second half of 2017 with regular updates from both Decorah Power and Steve Luse to council. The next step in this year-long process is for council to discuss placing the issue up for referendum, and making that decision in February for a May referendum is not rushing things: delay is in Alliant’s interest in order to further exhaust Decorah Power and the community of resources. Delay will not bring the conclusions of opposing studies closer together. The voters should have the option to decide, and two more months of conversation and debate is plenty for most voters. An August special election is the only option other than waiting until November, and August is a bad time for an election because so many people are on vacation.

Harlan Satrom – not a question

DPT: Kent Klocke – the startup costs in the Alliant study seem extreme to us as well. The startup costs in the NewGen study include roughly \$2 million, half of which (\$1 million) is for the Iowa Utilities Board petitioning process. It may not take that much or it may take more but the consulting team felt that was a conservative estimate. It includes technical, legal, and other costs. It is fronted by the city and then paid back to the city by the future municipal utility if a utility is achieved. If not it is a loss to the city. This is a real risk that DP does not attempt to diminish. Local governments – like businesses – make investments every day that carry some risk, which must be weighed against the potential returns. While the costs of pursuing the MEU option at the IUB are significant, we believe the potential returns to the community of local control, local savings, local investment, and “owning our energy future” far outweigh the risks.

DPT: Braden Archer – Decorah Power has confidence in the results of the NewGen study, as the firm is a deeply experienced and widely respected national firm and made it clear they would conduct an independent analysis and not tell the community what anyone group wanted to hear. The greatest “If” is the outcome of an application to the Iowa Utilities Board if the city were to proceed. As Utility Board cases are essentially an administrative/regulatory court, there is simply no predicting an outcome. Decorah Power has engaged Sheila Tipton for legal counsel to date, and highly recommends her services to the city if they pursue and IUB application, as she has served on the IUB and practiced energy law in Iowa her entire career, including as counsel for Alliant Energy.

DPT: Emily Neal – legal counsel would need to answer this definitively, but it is our understanding that a municipal utility can make PILOT style payments to all local governments if the utility so chooses. That is one of the benefits of local control. Another benefit is that with significant savings, those PILOT payments to support local institutions may be larger than current utility payments in taxes, as the NewGen study reserves 5% of annual operating revenue for this. At over \$600,000, this appears twice or even three times the current value of utility taxes, though clearly a future municipal utility board would make the decisions regarding PILOT, not NewGen or Decorah Power.

DPT/DB: Scott Kirkeberg – It is normal for an MEU to provide service to a new commercial or industrial area. The timing of the investment will often vary. All utilities are obligated to provide service to any new customer in their service territory. It is not normal or expected for an MEU to act as a banker for new businesses.

DPT/ST: Dawn Iverson - Iowa Code section 476.23 sets out some of the information the Utilities Board will consider. Perhaps the best resource is the City of Everly case, which is the most recent IUB decision. It can be found at https://iub.iowa.gov/files/archive/orders/2008/0711_spu065.pdf

DPT/SHB: Herb Hageman - We utilized the interim rates that Alliant Energy has recently implemented, and are quite close to the increase approved by the IUB subsequent to our study. Going forward, we utilized an average annual rate increase identical for both Alliant and the MEU (2.1%, which is the anticipated inflation rate).

I am not sure what the IUB will use for “true settlement cost”, but presumably it will align with rate increases for Alliant that they have approved.

DPT/DB: Keith Christianson – It is true that there are over 130 municipal electric utilities in Iowa, most of them have been in existence for over 100 years because most utilities in Iowa and in the country were established in the late 1800s and early 1900s. There have been relatively few changes in over a generation other than consolidation, though according to the American Public Power Association there have been about 20 new municipal electric utilities established since 2000, including (of mid-sized

communities) Jefferson County WA, Winter Park FL, Berea KY, Williams AZ, Corona CA, and Hermiston OR.

DPT/ST: Keith Christianson - The utilities don't give up territory easily. Municipalization can be costly in time and money. The benefits to be achieved must, in the minds of the citizens, significantly outweigh these countervailing factors.

DPT/ST: Emily Neal – It depends on the language in the franchise agreement. Most prohibit municipalization efforts while the franchise is in place.

DPT/ST: Harlan Satrom – A franchise agreement gives a utility the right to occupy the city's rights of way for its equipment in exchange for the utility's provision of electric service to the community. Sometimes franchise agreements provide for a franchise fee to be paid to the city. Franchise agreements also generally grant utilities the right of eminent domain within the city. However, Iowa's utilities have been assigned exclusive service territories by the state and the IUB. Once a utility is providing service to a community, it may not withdraw from providing service simply because there is no franchise agreement in place. Iowa Utilities Board approval is required and there must be another entity ready, willing and able to provide service before the Board would approve a utility's request to discontinue service to a community.

DPT/DB: Mark Lovelace – there would be no restriction on the city hiring Alliant employees if both the city and the employee agreed to the terms of that employment.

DPT: Collyn Bridges - Ultimately, the IUB is tasked with resolving the differences between the studies and approaches. A third study without open books from Alliant will just be another shot in the dark. It is possible a third party could review both studies and give feedback to the Council that could be shared with the public well before the May 1 referendum date, but unlikely it would resolve the great discrepancy in numbers.

All fire departments need to have procedures for this and other important aspects of their work, and work with the utility serving the area to meet needs and provide professional service.

Block 5 – Written submitted questions

Lorraine Borrowski questions:

DPT/SHB: Number of outside city customers -

NewGen estimated 3,434 total customers for both inside and outside the City limits. Alliant indicates there are 3,673 customers within the City of Decorah. The NewGen estimate was based on a field investigation, which included development of GPS maps for locations of equipment and customers.

City map – a city map was included in the NewGen feasibility report

The customer numbers by customer type (residential, commercial, industrial, etc.) are utilized in the analysis to estimate total energy and demand for the system. Additionally, these values by type, are utilized to estimate the average system retail rate for the Decorah MEU compared to a similar average system retail rate for the Decorah MEU system under Alliant/IPL estimated rates.

Anonymous questioner

DPT: Decorah Power's PO box is 12. Winneshiek Energy District's PO box is 14.