

E001/m-04-2041

1



**PUBLIC DOCUMENT –
TRADE SECRET
DATA HAS BEEN EXCISED**

Interstate Power and Light Co.
An Alliant Energy Company

RECEIVED

DEC 23 2004

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

December 22, 2004

MN PUBLIC UTILITIES COMMISSION

Office: 1.800.822.4348
www.alliantenergy.com

Dr. Burl Haar, Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East
Suite 350
St. Paul, MN 55101-2147

RE: Interstate Power and Light Company
Docket No. E999/CI-01-1023
Distributed Generation Tariff
Interpretation No. E-88

Dear Dr. Haar:

Enclosed for filing are an original and six (6) non-public copies and an original and nine (9) public copies of Interstate Power and Light Company's (IPL) proposed Distributed Generation Tariff. Copies of IPL's Original Volume No. 8 electric rate schedules, Original Sheets Nos. 46-50 are attached for your review.

IPL is filing this tariff pursuant to the Commission's order of September 28, 2004 in Docket E999/CI-01-1023 and pursuant to Minnesota Statutes § 216B.1611, subdivision 3.

The non-public version contains trade secret information, as defined by section 13.37, subd. 1(b), of the Minnesota Statutes in that the data is subject of efforts by IPL that are reasonable under the circumstance to maintain its secrecy, and that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. IPL has marked the information pursuant to the Commission's Revised Procedures for Handling Trade Secret and Privileged Data, Minnesota Rule Part 7829.0500.

Specifically, the information contains monthly marginal energy cost data of IPL's electrical system. These prices are not generally known or readily ascertainable by lawful means by IPL's competitors. If IPL's competitors were allowed to become knowledgeable of these prices they could develop strategies that would place IPL at a competitive disadvantage in negotiating purchased power agreements on the open

Dr. Burl Haar
December 22, 2004
Page 2 of 2

market. Failure to allow market forces to dictate purchase power prices would not only place IPL at an unfair disadvantage in the competitive market, but would also harm the public whose purchase prices would not be dictated by the market forces. Accordingly, IPL believes that the above-mentioned portion of its Distributed Generation filing meets the definition of a trade secret under Minnesota Statutes section 13.37.

An additional copy of this letter is included for file-stamping and return in the self-addressed, stamped envelope.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jennifer S. Moore".

Jennifer S. Moore
Regulatory Attorney

JSM/kjf
Enclosures

cc: Service List

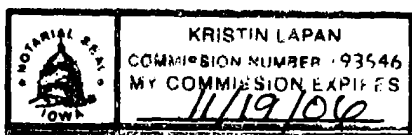
AFFIDAVIT OF SERVICE

7829.0400, Subpart 3

State of Iowa)
) SS
County of Linn)

Kathie Faine, being duly sworn, deposes and states that notice of this filing has been made with all parties as described in Minnesota Rule 7829.0600.

Kathie Faine
Kathie Faine



Subscribed and Sworn to me
this 22nd day of December 2004.

Kristin Lapan
Kristin Lapan

Dr. Burl W. Haar, Exec Sec
MN Public Utilities Commission
121 Seventh Place E, Suite 350
St. Paul, MN 55101

Jennifer S. Moore
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Scot McClure
Interstate Power and Light
Company
4902 North Biltmore Lane
P.O. Box 77007
Madison, WI 53707-1007

RATE DESIGNATION: RIDER DG-1
CLASS OF SERVICE: COGENERATION AND SMALL POWER PRODUCERS –
DISTRIBUTED GENERATION
SERVICE AREA: ALL MINNESOTA SERVICE AREA

Availability: To any Customer taking service under one of Company's standard electric rate schedules and who has entered into an Electric Service Agreement with Company for the interconnection and operation of on-site extended parallel distributed generation systems with capacity greater than 100 kW. The distributed generation systems must be fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than 10 MW of interconnected capacity at a point of common coupling to Company's distribution system. Service will be contracted for a minimum period of twelve months.

The interconnection and operation of distributed generation systems at each point of common coupling shall be considered as a separate application of the Rider. In lieu of service under the Rider, Customer and Company may pursue reasonable transactions outside the Rider; or Customer may take service, as applicable, under Company's Rates for Parallel Generation (Rate 903) as established under Minnesota Rules 7835 – Cogeneration and Small Power Production. Service hereunder is subject to Company's interconnection process for distributed generation systems. All provisions of the applicable standard service schedule shall apply to distributed generation service under this Rider except as noted below.

Meter Charge: \$1.9423 per day*

* For Comparison Only: Meter Charge \$59.08/month

Power and/or Energy Delivered to Customer:

Power and energy delivered to the Customer at the same location shall be billed on the appropriate retail rate schedule for the class of Customer served. The following charges and payments are applicable in addition to all charges for service being taken under Company's standard rate schedule:

Supply Services – These include standby services such as scheduled maintenance, unscheduled outages and supplemental service as provided under Company's Rider for Standby and Supplemental Service.

Transmission Services – Reservation and delivery of capacity and energy on either a firm or non-firm basis and those ancillary services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation over Transmission Providers' Transmission System. These ancillary services include services such as scheduling, system control and dispatch service, reactive supply and voltage control from generation sources service, regulation and frequency response service, generator imbalance service, operating reserve – spinning reserve and operating reserve – supplemental reserve. Transmission services are provided as applicable under Company's FERC-approved tariff.

Authorized: December 22, 2004

Proposed Effective: February 21, 2005

By:



James P. Maher, Manager - Regulatory Pricing, Iowa & Minnesota

RATE DESIGNATION: RIDER DG-1
CLASS OF SERVICE: COGENERATION AND SMALL POWER PRODUCERS –
DISTRIBUTED GENERATION
SERVICE AREA: ALL MINNESOTA SERVICE AREA

Distribution Services – Reservation and delivery of capacity and energy on either a firm or non-firm basis and those indirect services that are necessary to support the delivery of capacity and energy over Company's distribution system. These indirect services include allocated support services or expenses such as operation and maintenance, customer accounts, customer service and information, administrative and general, depreciation, interest and taxes.

Power and/or Energy Delivered to Company: Customer may sell all of the energy produced by the distributed generation system to the Company or use all or a portion of the distributed energy to meet its own electric requirements. The firm power capacity rates in effect at the time Customer enters into a power purchase agreement with Company shall remain in effect for the length of the agreement. Energy rates for use under the power purchase agreement shall reflect current schedule. Upon written request by Customer and after signing a confidentiality agreement, Company shall provide Customer the current schedule of energy rates.

Firm Power Capacity:

Cost Component: \$5.78 per kW

Energy:

[Trade	Trade]
[]
[]
[]
[Secret	Secret]
[]
[]
[]
[Data	Data]
[]
[]
[]
[Begins	Ends]

Firm Power Definition: To qualify as firm power capacity under this Rider, the Customer shall have supplied power to the Company accredited by MAIN's URGE test, regardless of when the power is delivered to the system. This capacity rate shall be adjusted to reflect the length of the contract, the time when the Company has a need for future capacity addition, Company Cost of Capital, and expected lifetime of future capacity additions.

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Distribution Credits – Distribution credits to Customer equals the utility's avoided distribution costs resulting from the installation and operation of the distributed generation system. Company shall provide, upon Customer's written request, a list of substation areas or feeders that could be likely candidates for distribution credits as determined through the utility's normal distribution planning process. Upon receiving an application from Customer for the interconnection and operation of a distributed generation system, Company shall perform an initial screening study to determine if the project has the potential to receive distribution credits. Customer shall be responsible for the cost of such screening study. If Company's study shows that there exists potential for distribution credits, Company shall, at its own expense, pursue further study to determine the distribution credit, as part of its annual distribution capacity study. If the study is not part of Company's annual distribution capacity study, it shall be pursued with Customer's approval at Customer's expense.

Tradable Emissions Credits - Tradable emissions credits to Customer equals the value of the emission credit to Company.

Renewable Credits - If Customer installs a renewable distributed generation system and Company's purchase of energy and capacity from such facility allows Company to meet a requirement to obtain renewable energy and capacity, then the purchase of such renewable energy and capacity shall reflect the avoided cost of the renewable addition or purchase. The purchase price of such renewable credits shall be net of payment for capacity and energy identified above.

Energy Supply Adjustment: Rider 1M is applicable to energy payments from customer.

Metering: Separate metering will be required to measure power and/or energy delivered to the Company.

Interconnection Charges: The costs of interconnecting a distributed generation facility and any costs associated with subsequent necessary modifications are the responsibility of the customer and the Company will assess the customer for all appropriate charges incurred by the Company. These include services such as engineering/design studies, utility system upgrades and testing as further described in Company's Technical Standards.

Rules and Regulations: Service hereunder is subject to the provisions of the Company's Electric Service Standards and shall be available from Company at the rates and under the terms and conditions set forth in the currently applicable federal and/or state schedule, tariff or rider, or other superseding schedule, tariff or rider in effect from time to time. Such service shall include any additional services provided by Company under any revisions, amendments or additions to the OATT or MISO Schedules or other federal and/or state schedule, tariff or rider.

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CONDITIONS

The use of this Rider requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned distributed generation facilities (DGF).

1. The Customer will be compensated monthly for all energy received from the DGF less the metering charge. The schedule for these payments is subject to annual review.
2. A separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company.
3. The DGF shall make provision for on-site metering. All energy received from and delivered to the Company shall be separately metered. On-site use of the DGF output shall be unmetered for purposes of compensation.
4. The Customer shall pay for any increased capacity of the distribution equipment serving them and made necessary by the installation of their generator.
5. Power and energy purchased by the DGF from the Company shall be under the available retail rates for the purchase of electricity.
6. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer.
7. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
8. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other company Customers.
9. Prior to installation, a detailed electrical diagram of the generator and related equipment must be furnished to the Company for its approval for connection to the Company's system. No warranties, express or implied, will be made as to the safety or fitness of the said equipment by the Company due to this approval.

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10. The Customer shall execute an electric service contract with the Company which may include, among other provisions, a minimum term of service.
11. Equipment shall be provided by the Customer that provides a positive means of preventing feedback to the Company during an outage or interruption of the system.
12. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.

DEFINITIONS

Scheduled Maintenance service is energy, or energy and capacity, supplied by the Company during scheduled maintenance of the Customer's non-utility source of electric energy supply.

Supplemental service is energy, or energy and capacity, supplied by the Company to the Customer when Customer's non-utility source of electricity is insufficient to meet the Customer's own load.

Unscheduled Outage service is energy, or energy and capacity, supplied by the Company during unscheduled outages of the Customer's non-utility source of electric energy supply.

All other definitions shall be as described in Company's *Technical Guidelines*.

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INTERSTATE POWER & LIGHT

1. Planned Generating Additions - Next 5 years (2005 - 2010)

A	B	C	D	E	F	G	H	I
Name of Unit	Capacity Rating (kW)	Fuel Type	Projected In-Service Date	Completed Cost \$/kW	Est. O&M \$/KW	Annual Estimated Energy Cost Incl. Var. O&M	Average kWh Output	Average Fuel Savings \$/kW
Generic CT	150,000	Natural Gas/ Oil	6/1/2008	(Inc. AFDUC) \$66.25	\$2.00	2,162,000 1)	40,000,000	N.A 2)

1) 10,800 heat rate at \$4.25 gas and \$8.15 MWh Var. O&M
2) This unit is to serve incremental load.

2. Planned Firm Capacity Purchases - Next 5 years (2005 - 2010)

A	B	C	D	E
Year Purchase	Name of Seller	Number of KW	Capacity Cost \$KW/MONTH	Energy Costs Cents per KWH
None	N/A	N/A	N/A	N.A

INTERSTATE POWER & LIGHT

Net Annual Avoided Capacity Cost

(A)	Incremental Cost of Capital before tax	=	9.17%	
	\$66.25 /KW * 109.17%	=	\$ 72.33	
	b. 0 * 1.00 * 12	=	0 /kw annually	
(B)	Present Value of Annual Avoided Capacity	=	\$ 57.06	
(C)	Present Value of Annual Fuel Savings	=	N/A	
(D)	Present Value of Net Annual Avoided Cap.	=	\$ 57.06	
(E)	Result of (D) * 1.15 Reserve Margin is 15%	=	\$ 65.62	
(F)	Present Value of est. fixed O&M / KW	=	\$ 1.72	
	Levelized Annual Revenue Requirement (LARR) (\$/KW-year) =		\$ 67.34	
(G)	Average % of line losses			
	On-peak: 7.34% * 0.447	=	3.2810%	
	Off-peak: 5.10% * 0.553	=	<u>2.8203%</u>	
			6.1013% /2 =	3.0506%
	1/2 of line loss * (F) =	\$	2.05	
	(F)	\$	<u>67.34</u>	
		\$	69.39	
(H)	Net Annual Avoided Cost	\$	69.39	
(I)	Monthly Avoided Cost	\$	5.78	

INTERSTATE POWER & LIGHT

See IPL Marginal Energy Costs Electronic files.
[Trade Secret Data Omitted]

RATE DESIGNATION: ---
 CLASS OF SERVICE: ALL CLASSIFICATIONS
 SERVICE AREA: ALL MINNESOTA SERVICE AREA

SECTION	DESCRIPTION	SHEET NUMBER
I	TITLE PAGE	
	TABLE OF CONTENTS	1
II	CONTACT LIST	
III	INDEX OF SERVICE AREAS	1
IV	RATE SCHEDULES	
	Index	Index
	Residential Rates 160, 167, 168, 170	4, 5, 6
	General Rates 260, 267, 268, 290, 297, 298	9, 10, 11, 12
	Stored Heat Rate 310	15, 15.1
	Security-Light Rates 330, 340	17, 17.1
	Security-Flood Rates 330, 340	17, 17.1
	Water Heating Rate 350	20
	Large Power and Lighting Rates 360, 367, 368	21, 21.1, 21A, 21A.1
	Large Power and Lighting - Bulk Supply Rates 437, 438	23
	Competitive Rate 370	22, 22.1
	Municipal Pumping Rates 380, 387, 388, 390, 397, 398	24, 25, 25A, 26
	Farm Rates 410, 417, 418, 420, 427, 428	27, 27A, 28, 28A
	Rider IM - Energy Supply Cost Adjustment	29, 29.1
	Rider 1S - Standby Power	30, 30.1, 30.2, 30.3, 30.4
	Rider 1SL	31
	Rider MTX - Tax Adjustment	32
	Street Lighting	33, 33.1, 35, 36
	Large Power and Lighting - Interruptible Rate 540	37, 37.1, 37.2
	Co-generation & Small Producers Rate 901, 902, 903	38, 39, 40
	Conservation Improvement Program Cost Recovery Adjustment	41
	Resource Adjustment Charge	42
	Rider R - Residential Second Nature Renewable Energy Program	43
Rider 1P - Property Tax Reduction Adjustment	44	
Rider N - Non-Residential Second Nature Renewable Energy Program	45	
Rider DG-1 - Co-generation & Small Producers Distributed Generation	46	
V	RULES AND REGULATIONS - SERVICE STANDARDS	
	Index	Index
	Scope of Service Standards	1
	Classes of Service and Rates Available to Customers	2
	Applications and Conditions for Connection of Service	9
	Electric Service Extension Policy	12
	Manner of Supplying Service	23
	Manner of Using Electric Service	26
	Metering of Customer's Service	32
	Billing for Service	36
Special Provisions Applicable to Rural Service Areas	41	

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INTERSTATE POWER and LIGHT COMPANY
 ELECTRIC TARIFF
 FILED WITH M.P.U.C.

ORIGINAL VOLUME NO. 8
 THIRTY-FOURTH REVISED INDEX SHEET
 Canceling THIRTY-THIRD REVISED INDEX SHEET

LIST OF SHEET NUMBERS IN THIS VOLUME: (1), (2), (3), 4, 5, 6, (7), (8), 9, 10, 11, 12, (13), (14), 15, 15.1, (15A), (16), 17, 17.1, (17A), (18), (19), 20, 21, 21.1, 21A, 21A.1, 22, 22.1, 23, 24, 25, 25A, 26, 27, 27A, 28, 28A, 29, 29.1, 30, 30.1, (30A), 31, 32, 33, 33.1, (33.2), (33A), (33B), (34), 35, 36, 37, 37.1, 37.2, (37A), 38, 39, 40, 41, 42, 43, 44, 45, AND 46

<u>DESIGNATIONS</u>	<u>PRESENTLY AVAILABLE RATES</u>
Residential:	160 167 168 170
General Service:	260 267 268 290 297 298
Large Power and Lighting:	360 367 368
Large Power and Lighting - Bulk Supply:	437 438
Competitive Rate:	370
Large Power and Lighting - Interruptible:	540
Farm:	410 417 418 420 427 428
Miscellaneous:	
Stored Heat:	310
Security-Light:	330 340
Security-Flood:	330 340
Water Heating:	350
Municipal Pumping:	380 387 388 390 397 398
Rate Schedule Riders:	
Energy Supply Cost Adjustment:	1M
Standby Power:	1S
Street Lighting:	1SL
Tax Adjustment	MTX
Company Street Lighting:	110 120
Municipal Street Lighting:	130 140
Cogeneration & Small Power Producers:	
Net Energy	901
Purchase & Sale	902
Time of Day	903
Conservation Improvement Program Cost Recovery Adjustment	1C
Resource Adjustment Charge	RAC
Property Tax Reduction Adjustment	1P
Non-Residential Second Nature Renewable Energy Program	N
Co-generation & Small Producers Distributed Generation	DG-1


() indicates Sheet Number Reserved for Future Filing

SHEET NUMBERING CODE

NUMBERED SHEETS WITH ALPHABETIC APPENDAGES INDICATE AN INTERMEDIATE SHEET, SUCH AS 3A INSET BETWEEN 3 AND 4, OR SUCH AS 5B BETWEEN 5A AND 6.
 NUMBERED SHEETS WITH DECIMAL APPENDAGES INDICATE A SECOND PAGE OF A TWO PAGE RATE SCHEDULE SUCH AS 3.1 OR 5A.1.

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