

STATE OF IOWA
BEFORE THE IOWA UTILITIES COMMISSION

IN RE:

**INTERSTATE POWER AND LIGHT
COMPANY**

DOCKET NO. TF-2025-__

**REQUEST FOR REVIEW OF INDIVIDUAL CUSTOMER RATE SERVICE
AGREEMENTS AND SPECIFIC RATEMAKING TREATMENT**

COMES NOW, Interstate Power and Light Company (IPL or the Company), and in accordance with the Final Decision and Order issued by the Iowa Utilities Commission (Commission) in Docket No. RPU-2023-0002 and IPL's Rider ICR – Individual Customer Rate (ICR) tariff, requests the Commission review the ICR Service Agreements for QTS Cedar Rapids Infrastructure I, LLC (Customer) filed with this request. In furtherance of the Commission's review, IPL states as follows:

Introduction

a. Procedural Background

1. In its 2019 rate review, Docket No. RPU-2019-0001, IPL proposed an ICR tariff. On February 20, 2020, in Docket No. RPU-2019-0001, the Commission approved a version of the Rider ICR.¹ After initial approval of Rider ICR in 2020, from 2020 through 2023, no customers took service under Rider ICR because it did not provide sufficient flexibility to design attractive, cost-based rates for very large volume customers.

2. In its 2023 rate review, Docket No. RPU-2023-0002, IPL proposed revisions to its existing Rider ICR intended to expand eligibility beyond typical high load factor

¹ Order Addressing Motions for Clarification, Motions for Reconsideration, and Compliance Filings, Issued February 20, 2020, in Docket Nos. RPU-2019-0001, TF-2020-0004.

customers and offer more flexibility in pricing options that are needed for IPL to offer competitive pricing and long-term price certainty desired by unique, large-volume customers. On June 20, 2024, IPL, the Office of the Consumer Advocate (OCA) and Iowa Business Energy Coalition (IBEC) filed a Non-Unanimous Partial Settlement Agreement (Settlement) which included further revisions to the Rider ICR tariff and an Earnings Sharing Mechanism (ESM), among other items. Additional parties subsequently joined or supported the Settlement. The Commission, in its Final Decision and Order (Final Order), issued on September 17, 2024, in Docket No. RPU-2023-0002, approved the Settlement.

3. The further revisions made to the Rider ICR tariff primarily focused on greater clarity on the assignment of costs and benefits associated with service provided under Rider ICR and included explicit hold harmless provisions for non-participating customers. The current Rider ICR tariff requires IPL to “file any Service Agreements executed with [a] Customer at least 90 days prior to commencing service to the Customer under [the] tariff” and “[t]he Customer will not be eligible to take service under [Rider ICR] until the Iowa Utilities [Commission] reviews and takes any action it deems proper, including approval of the individual Service Agreement in a TF-docket.”²

b. Economic Development Background

4. The purpose of the Rider ICR is to spur economic development through attraction of incremental large loads to IPL’s service territory from both new and expanding existing customers. Adding incremental large loads to IPL’s system provides contributions to the recovery of IPL’s total cost of service while also more efficiently

² Interstate Power and Light Company, Electric Tariff, Original Sheet No. 83.1.

utilizing IPL's existing assets. Attracting incremental large loads will also promote economic activity in the communities IPL serves to the benefit of the communities and the State of Iowa as a whole.

5. Alliant Energy, IPL's parent company, has been named a Top Utility by *Site Selection* magazine for six consecutive years and a Top Utility by *Business Facilities* magazine since 2021. Alliant Energy uses a holistic approach to economic development that links the Company's purpose—to serve customers and build stronger communities—with diversified efforts in land acquisition and certification, community and partner engagement, and professionalized economic development and key account management services.

6. In furtherance of economic development in the communities served by IPL, Alliant Energy certified the first megasite in Iowa, the 1,400-acre Big Cedar Industrial Center (Big Cedar) in Cedar Rapids, Iowa. Elsewhere in Iowa, Alliant Energy also established the Lincolnway Industrial Rail and Air Park in Clinton, Iowa and the Prairie View Industrial Center in Ames, Iowa, among other sites. All of these sites have created impactful growth opportunities in these communities and Alliant Energy is continuing to pursue development of other industrial sites located in IPL's service territory.

7. Beyond just site development, Alliant Energy is proud to engage with communities and partners to work collaboratively to attract economic development to the communities served by IPL. Alliant Energy annually invests in local and statewide economic development organizations and programs across Iowa through its community partnership program. Alliant Energy also employs professional economic development and key account management personnel. These teams offer communities, prospective

customers and current customers expertise on topics ranging from real estate acquisition and permitting to local and state financial incentives.

8. The results of Alliant Energy's economic development efforts are impressive. In 2024 for Iowa alone, Alliant Energy announced 19 business attraction and expansion projects totaling an estimated \$2.4 billion in capital investment, 1.3 million square feet of new building space, and over 1,250 jobs to be located in the communities served by IPL.

c. Project Background

9. Customer and IPL, or an affiliate of either, have entered into multiple necessary agreements that enable Customer's project to take service from IPL. IPL has also entered into an agreement with ITC Midwest LLC (ITC Midwest) to enable Customer's project to take service from IPL at transmission voltage.

10. In May of 2024, an unregulated Alliant Energy affiliate, Iowa Land and Building Company, entered into a Purchase and Sale Agreement (PSA), Confidential Attachment 1 –PSA, with an affiliate of Customer.³ The PSA provides approximately 600 acres of land located at Big Cedar for Customer to develop its project.

11. IPL and Customer negotiated a Customer Reimbursement Agreement (CRA), Confidential Attachment 2 – CRA. The purpose of the CRA is to make clear the conditions and obligations of IPL and Customer as it relates to transmission assets that need to be constructed to enable the connection of Customer's project to IPL's system.

12. IPL worked with ITC Midwest to enter into a Project Commitment Agreement (PCA), Attachment 3 - PCA. The purpose of the PCA is to identify the scope,

³ In October of 2024, the PSA was amended, and the amendment is included in Confidential Attachment 1 – ESA.

schedule, and estimated budget for the necessary transmission facilities to be constructed to enable the connection of Customer's project to be served by IPL and to establish reasonable obligations of IPL and ITC Midwest.

13. IPL and Customer entered into two Electric Service Agreements (ESA), Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA. The ESAs establish the conditions and obligations of service to be furnished to Customer by IPL and establishes the rates and obligations of Customer for service from IPL.

14. IPL and Customer entered into an Ancillary Electric Service Agreement (AESA), Confidential Attachment 6 – AESA. The AESA provides for accelerated demand growth of Customer during the load ramp period under both the Phase 2 and Phase 3 ESAs with agreed upon terms and conditions.

Description of Service

15. IPL is seeking review of the ESAs and the AESA entered into with Customer. Customer intends to develop data centers at Big Cedar.⁴ Customer is a new customer in IPL's service territory with a contract demand of greater than 25 MW. The ICR rates outlined in the ESAs do not become effective until Customer's facilities are capable of receiving retail electric service consistent with the Rider ICR Tariff.⁵ The term for each ESA is not less than 5 years.⁶ Customer will take service at transmission voltage on the property located at Big Cedar in Cedar Rapids, Iowa.⁷

⁴ Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, page 2.

⁵ Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, page 12.

⁶ See Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, Exhibit 4, pages 28-29.

⁷ Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, Exhibit 1

16. Data centers require large amounts of highly reliable, constant electric power to maintain their operations. A data center is a physical facility that houses computing machines and networking equipment for the purpose of collecting, storing, processing, distributing, or allowing access to large amounts of data. Data centers can store and index web sites, run email and instant messaging services, provide cloud storage and applications, and enable an array of other capabilities. Data centers are essential digital infrastructure that support nearly all industries across all sectors. To enable their services, data centers are equipped with a large number of computer servers that operate 24 hours per day, 7 days per week. All of this requires employees to oversee and monitor servers, networking equipment, and manage the data centers' power and cooling needs.

Economic and Societal Benefits

17. In general, data centers spur significant economic development within the states and communities where they are located. In this case, IPL and the City of Cedar Rapids worked together to attract Customer and Customer has announced an initial capital investment of a minimum of \$750 million at Big Cedar. This is the largest economic development investment in the City of Cedar Rapids.⁸ As a part of this partnership with the City of Cedar Rapids, Customer has agreed to fund a community betterment account that will provide up to \$18 million over 20 years.⁹

18. The Institute for Decision Making (IDM) at the University of Northern Iowa completed two economic impact analysis, one assessing outcomes during the

⁸ Iowa's News Now, Cedar Rapids Confirms \$750 Million Data Center, Largest Economic Investment in its History, February 12, 2025. <https://cbs2iowa.com/news/local/cedar-rapids-confirms-750-million-data-center-largest-economic-investment-in-its-history>

⁹ *Id.*

construction period and the other the outcomes for operation of the Customer's data center, Attachment 7 – Economic Impact Analysis. IDM used IMPLAN software to do the analysis.

19. IDM found that during the three to four-year construction period for the Customer's project nearly 1,500 jobs will be supported, of which a little over 1,000 will be directly employed in construction and will generate an estimated \$200 million in local economic activity per year during the construction period. The Customer plans to create 70 permanent jobs at the data center paying an average annual salary of \$70,000. IDM found that the data center will generate another 46 indirect jobs and 31 induced jobs, for a total of nearly 150 jobs for a total labor income of \$11.6 million per year and an estimated total economic impact of nearly \$40 million annually. IDM also projects additional taxes from operation, outside of property taxes to be \$3.73 million annually spread across county, state, and federal governments.

20. In January 2025, the City of Cedar Rapids and the Customer entered into a Development Agreement for the construction of a new data center campus. The agreement primarily covers the first two phases of what was initially envisioned as a three-phase project. According to estimates outlined in the agreement and shared publicly, the City and other local taxing authorities can conservatively expect to retain \$471 million in property tax revenue collectively over the first 20 years. City officials have emphasized that the revenue and timing estimates are intentionally conservative.

Cost of Service

21. The ICR rates are the outcome of negotiation between sophisticated parties in which it was determined that the ICR rates are necessary to induce the Customer to

locate its data center campus in IPL's service territory, ensure the long-term economic viability of the data centers, and to justify investment in the data centers now and into the future. The rates for service provided under Rider ICR are designed to recover no less than the marginal costs to serve a customer over the term of the service agreement.¹⁰

22. In this case, IPL and Customer have agreed upon negotiated ICR rates that are intended to recover no less than IPL's marginal transmission, generation, energy, and customer-related costs to serve Customer during the term of the ICR contract.¹¹ The ICR rates to be paid by Customer consist of a service charge, a demand charge, an energy charge, a reactive demand charge, and certain adjustment clauses and riders.¹² These charges are further described in Confidential Attachment 8 – IPL Rider ICR Rates, Revenue, and Marginal Costs of Service.

23. The Rider ICR tariff provides that Rider ICR customers are subject to IPL's adjustment clauses and riders "except where negotiated Demand and Energy rates or Marginal Energy Prices replace service applicable to adjustment clauses and riders."¹³ Customer will be subject to the Energy Efficiency Cost Recovery Clause (Rider EECR), the Demand Response Cost Recovery Clause (Rider DRCR), the Rate Case Expense Rider (Rider RCE), and the Tax Adjustment Clause (Rider TAX).¹⁴

¹⁰ As required in Interstate Power and Light Company, Electric Tariff, Substitute Fourth Revised Sheet No. 83.

¹¹ For a detailed discussion related to the calculation of ICR rates negotiated between IPL and Customer see Confidential Attachment 8 – IPL Rider ICR Rates, Revenue, and Marginal Costs of Service. IPL has also provided a confidential excel workbook, Confidential Attachment 9, showing the calculation of the estimated marginal costs and revenues associated with the ICR rates negotiated between IPL and Customer.

¹² Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, Exhibit 4.

¹³ Interstate Power and Light Company, Electric Tariff, Substitute Fourth Revised Sheet No. 83.

¹⁴ Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, Exhibit 4, page 28.

24. The Energy Adjustment Clause (Rider EAC) and Regional Transmission Service (Rider RTS) are not applied to Customer's ICR rate. This is because the Rider EAC is replaced by the negotiated energy charge and Rider RTS is being replaced by a negotiated demand charge.

25. As shown in Confidential Attachment 8, IPL has calculated the estimated amount of revenues during the term of the ESA will exceed the estimated marginal costs to provide electric service to Customer. Through the annual reporting requirements, the Commission and OCA will have the ability to review the as-lived marginal costs and revenues.

Protection of Company and Non-ICR Customers

a. Negotiated Terms

26. The Rider ICR tariff allows for negotiated terms, beyond just rates, to provide protection to IPL and all of IPL's non-ICR customers. Here, the terms and rates were negotiated in good faith, between sophisticated parties, and is competitive, non-discriminatory, and cost-based. The negotiated contract terms ensure that IPL will recover its costs to serve the customer while protecting all other customers from bearing costs to serve the new load.

27. IPL has required Customer to provide credit support to be held as security for payment of obligations incurred on behalf of Customer, which mitigates risks related to creditworthiness.¹⁵

¹⁵ Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, pages 4-6. The requirement for Credit Support is allowed by the Rider ICR tariff. Interstate Power and Light Company, Electric Tariff, Substitute Fourth Revised Sheet No. 83.

28. To protect IPL and non-ICR customers from stranded costs related to providing the facilities to ensure necessary transmission and generation capacity to serve Customer, IPL negotiated various terms included in the ESAs, AESA, and CRA.¹⁶ These terms are necessary to ensure that IPL and non-ICR customers remain unharmed in the unforeseen event that service is terminated prior to the completion of the term of the ESAs or the Customer does not achieve the expected load.

b. Settlement Agreement and ESM

29. In accordance with the Settlement, IPL will file annual ESM calculations with the Commission. As lived revenue and marginal costs associated with service to Customer will be included in each annual calculation for earnings sharing until IPL's next rate review or until the end of the ESM. Cumulative annual revenue and marginal costs associated with Customer will be tracked separately. In the event cumulative annual revenues exceed cumulative marginal costs to serve, then there will be no adjustment to the ESM calculation. If the cumulative revenue is insufficient to offset cumulative marginal costs, then IPL will adjust the annual ESM calculation for that year by the amount of the difference.¹⁷ This tracking will continue for the period of the base rate moratorium.

Annual Reporting Requirements

30. As approved in IPL's Rider ICR tariff, after a customer takes service under Rider ICR, the Company will file an annual report which summarizes the revenues and marginal costs for all Rider ICR customers taking service under negotiated rates. The annual report will include actual billing units and recorded revenue from the Rider ICR

¹⁶ See e.g. Confidential Attachment 2 – CRA, page 2; Confidential Attachment 4 – Phase 2 ESA and Confidential Attachment 5 – Phase 3 ESA, pages 7-11; and Confidential Attachment 6 – AESA, pages 2-6.

¹⁷ See Settlement Attachment A

customers, the marginal costs to serve the Rider ICR customers with supporting details, a summary of the benefits provided to non-participating customers, and actual quantifiable societal or economic benefits. This will allow continued review of the ICR rates by the Commission throughout the term of the ESAs.

Request for Specific Ratemaking Treatment for Rider EAC and Rider RTS

31. IPL's Rider ICR states, to prevent non-ICR customers from absorbing any incremental costs incurred to serve ICR customers, adjustments to the calculations of the rate factors for Riders RTS and EAC should be made. With respect to Rider RTS, IPL shall exclude third-party transmission charges directly attributable to interconnection, capacity, or increased load of the ICR customer in IPL's Rider RTS factor calculation. With respect to Rider EAC, IPL shall exclude or credit the power supply costs, revenue, and related kWh in determining Rider EAC factors.

32. As outlined in the Attachment 3 – PCA, between IPL and ITC Midwest, specific transmission facilities will be needed to provide transmission service to Customer. ITC Midwest's network transmission service rate, charged to all ITC Midwest network customers, will include the revenue requirement associated with these facilities once placed in service. To ensure all IPL non-ICR customers do not incur any additional costs related to the build out of transmission facilities to serve Customer and the impact of the additional Customer load, IPL will calculate the change in its share of ITC Midwest's revenue requirement due to the inclusion of the facilities built to serve Customer and the impact of the additional allocated share of ITC Midwest's network transmission service cost due to the additional Customer load. This revenue requirement amount, along with changes to IPL's share of other third-party transmission expenses (e.g., charges from

MISO associated with regional and other shared transmission projects) related to the additional Customer load, will be excluded from the transmission costs used to calculate IPL's Rider RTS factors. This methodology will ensure that non-ICR customers are held harmless from transmission costs that are associated with transmission service provided to Customer.

33. IPL will incur additional energy costs to serve the load requirements for Customer. Similar to how IPL recovers energy costs from non-ICR customers via the Rider EAC, IPL will recover its energy costs from Customer via a formulaic variable energy rate that captures IPL's actual and estimated monthly net system fuel expenses based upon IPL's energy and accounting data and will be subject to reconciliation and true-ups. As required in the Rider ICR tariff, IPL will prevent non-ICR customers from absorbing energy costs in the Rider EAC by crediting such energy costs and revenue and related kWh in determining the Rider EAC factors. Further, as a result of the Article XV of the Settlement, which specifies exclusion of tax credits and energy margins for new generation resources from the Rider EAC calculations, IPL will include an additional credit to the Rider EAC that effectively adds back any energy margins from new generation resources that are included in the energy charge for Customer, reducing the Rider EAC factors for non-ICR customers. The combination of these adjustments in the determination of the Rider EAC factors will ensure that non-ICR customers will be held harmless from system energy costs related to service for Customer.

Conclusion

34. In conclusion, attracting new customers promotes economic activity in communities served by IPL and contributes to the recovery of IPL's cost of providing

electric service. The ICR rates in the ESAs are necessary to attract the Customer. IPL has demonstrated that the ICR rates are expected to produce revenues that exceed the estimated marginal or incremental costs to serve Customer over the term of the agreements. The revenue in excess of marginal or incremental costs will contribute to the recovery of IPL's total cost of service for all customers. Therefore, the ICR rates and the service provided to the Customer are just and reasonable, not unduly discriminatory, and consistent with IPL's Rider ICR and electric service tariffs. Furthermore, the Commission will have continued oversight through the annual reporting requirements to ensure that the rates remain just and reasonable and that non-ICR customers are held harmless from costs incurred to serve the ICR customer.

WHEREFORE, IPL respectfully requests that the Iowa Utilities Commission review the ICR Service Agreements for Customer and take any action it deems proper, including allowing for specific ratemaking treatment Rider EAC and Rider RTS.

Dated this 19th day of June 2025.

Respectfully submitted,

**INTERSTATE POWER AND LIGHT
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