

**STATE OF IOWA
BEFORE THE IOWA UTILITIES COMMISSION**

IN RE:

**INTERSTATE POWER AND LIGHT
COMPANY**

DOCKET NO. TF-2025-0047

**LARGE ENERGY GROUP'S IDENTIFICATION OF ISSUES AND SUPPORTING
INFORMATION**

Pursuant to the Iowa Utilities Commission's ("IUC") July 15, 2025 Order Establishing Procedural Schedule, and Deferring Consideration for Confidentiality Request, the Large Energy Group ("LEG"), submits its identification of issues and supporting information of which it is aware and able to review and/or discern from its limited review of the information submitted by Interstate Power and Light (IPL) in this docket. IPL filed a Request for Review of Individual Customer Rate (ICR) Service Agreements and Specific Ratemaking Treatment (Request) with the Utilities Commission (Commission) on June 19, 2025.

The Final Decision and Order issued by the Commission in Docket No. RPU-2023-0002 on September 17, 2024 (Final Order), requires IPL to file each ICR rate service agreement with the Commission for approval. The Settlement approved by the Final Order further states that any costs to serve a specific ICR customer, will be assigned to that ICR customer. The ICR customer's rate revenue is to be included in IPL's net revenue requirement and if the ICR customer's rate revenue is less than the cost to serve that customer, IPL will adjust its revenue to cover the shortfall so non-ICR customers are held harmless. This filing is the second ICR rate filing and it is related to ICR rate service agreements for the QTS Cedar Rapids Infrastructure I, LLC. data center.

On July 16, 2025, LEG intervened in this docket. The members of LEG constitute a significant portion of the load IPL serves in southwest Cedar Rapids in close proximity to the location of the proposed data center. At the current time LEG members do not object to the offering of the ICR rate to QTS due to the potential benefits for reducing customer rates and overall economic development benefits to Cedar Rapids and Linn County. LEG holds IPL accountable for its commitment to hold non-ICR harmless from the offering of this ICR rate. However, LEG members do have concerns about local reliability, increases in the call for interruptible curtailments, potential cost shifting, and transmission system impacts/costs.

Based on the information in IPL's ICR rate filing, LEG identifies the following issues:

- 1. Issue 1 – Local Generation Resources.** IPL has limited generation capacity resources in the local Cedar Rapids area, which is IPL's largest load center of its system. The Midcontinent Independent System Operator (MISO) accredited capacity for IPL's Prairie Creek generation resources combined with the intermittent DAEC solar projects would not be sufficient to serve local requirements without importing additional generation capacity from other sources outside the local area. In this regard, it is important for customers to understand what is IPL's plan to serve this incremental load with resources that have MISO NRIS capacity and where are those resources located? Has IPL secured those capacity commitments? Are those capacity commitments long-term or short-term commitments? What is the expected marginal cost of each of those resources?
- 2. Issue 2 – Interruptible Calls for Curtailment.** LEG customers provide a significant amount of IPL's interruptible capacity as a load modifying resource. LEG customers want to understand if serving the QTS data center will result in more calls for interruptible curtailments from IPL's retail customers? In addition, due to the large standby load in close

proximity to the QTS load, what is IPL's load shedding plan for local reliability events? How does IPL intend to hold non-ICR customers harmless when those events happen?

3. Issues 3 – QTS Phases. In IPL's application, it provided Electric Service Agreements (ESA) for both Phase two and three. Is there a Phase one ESA? If there is a Phase one ESA, will QTS be served under an ICR rate or an alternative rate tariff? If they will be served under an alternative tariff, under what rate schedule will that be priced? The Developer Agreement between the city of Cedar Rapids and QTS references two to nine phases with each phase to include one or more data centers (Exhibit 3.1 of the agreement) and with each phase having a minimum investment of \$250 million. Are the phases referenced in the Developer Agreement¹ consistent with Phase two and three in the QTS ICR rate application? If not, when will IPL be proposing to file ICR rate applications for any additional phases?

4. Issue 4 – Cost Allocations. For IPL's future class cost of service allocations will the ICR customers be combined into a single grouping for allocation purposes or will each ICR customer be considered an individual customer class? Does IPL intend to directly assign the costs of generation capacity and energy to the ICR customers in a future class cost of service study? How does IPL intend to allocate Alliant Energy's Service Company costs to ICR customers? Does Alliant Energy intend to update its Master Service Agreement for the Servco ratios in the allocation of Servco costs between the IPL and WPL utilities to ensure Iowa customers are not assigned a higher share of costs currently paid by WPL customers? LEG Attachment 1 is a copy of the Servco allocators used in allocating Alliant Energy's Service Company costs among its utilities.

¹ The agreement is available at <https://pav2.cedar-rapids.org/publicaccess/api/Document/3923001/>

- 5. Issue 5 – Transmission Costs.** IPL/ITC-Midwest submitted the initial Big Cedar load interconnection request for expedited MISO review in MTEP 24 with transmission costs totaling \$63 million². The project description of the request indicates it was to add 300 MWs of load at the Big Cedar 345 kV bus. The in-service date is 3/31/2026. A breakdown of the transmission costs is provided in the Project Commitment Agreement, Exhibit A, that was provided by IPL as Attachment 3 to the ICR rate request in Docket No. TF-2025-0007 (February 14, 2025).

Subsequently, apparently in support of the QTS data center at the Big Cedar site, IPL/ITC-Midwest submitted Big Cedar load expansion interconnection request for expedited MISO review in MTEP 25 for transmission costs totaling \$380.5 million³. The project description indicates it is for the addition of 1,600 MWs of load at the Big Cedar site. MidAmerican Energy also proposes an additional \$16.7 million in transmission costs in the request. The request lists the Phase 1 in-service date as 9/30/2027 and the Phase 2 in-service date as 9/30/2028. The transmission project also apparently has a dependency with MISO's Long Range Transmission Plan (LRTP) Phase 1 projects LRTP-07 and LRTP-08. A breakdown of the transmission costs is provided in the Project Commitment Agreement's Exhibit A, that was provided by IPL as Attachment 3 to the ICR rate request in Docket No. TF-2025-0047 (June 19, 2025). A one-line diagram as Exhibit B-1 is also provided in IPL's Attachment 3.

It is not clear from IPL's filing if the increase in transmission costs for the Big Cedar expansion is just for the QTS load or if the project is being over-built for future expansion. If the project is being built for future expansion, will all the incremental transmission costs

² See [MISO Big Cedar Interconnection Request](#).

³ See [MISO Big Cedar Expansion Interconnection Request](#).

be assigned to QTS or will any other customers be allocated those costs? In regards to the LRTP Phase 1 Projects, how does IPL intend to assign the costs of those projects to QTS? Based upon the one-line diagram, some of the facilities appear to be customer-dedicated facilities. How does IPL intend to bill these customer-dedicated facilities directly to the customer? Is there a Facilities Service Agreement between IPL and ITC-Midwest related to any of these customer-dedicated facilities? Could IPL have self-funded any of these transmission facilities? Could any of the transmission facilities be competitively bid and built by other MISO-approved transmission owners? How does IPL intend to bill for the MidAmerican Energy's transmission facilities? Will all of these transmission facilities be billed to Alliant Energy by MISO, or will any transmission owner directly bill IPL for any of these transmission facilities? A significant portion of the transmission costs are related to a reactive power compensator (\$150 million) in the substation. The General Rules and Regulations in IPL's Electric tariff, section 5.11, requires the customer to install power factor correction equipment to maintain a power factor at near unity as practical. Why isn't the customer correcting their power factor on their side of the meter in lieu of ITC-Midwest spending \$150 million to compensate for it? What is the mechanism to credit the Regional Transmission Service (RTS) rider for the transmission costs incurred to serve this load?

- 6. Issue 6 – Operation of IPL's Earning Sharing Mechanism for ICR Customers.** It is not clear how the Earning Sharing Mechanism will be impacted taking into account the marginal costs to serve an ICR customer since IPL indicates *“as-lived revenues and marginal costs associated with service to Customer will be included in each annual calculation for the earnings sharing.”* Although IPL contends that non-ICR customers will be held harmless by offering an ICR rate, the annual earnings sharing mechanism will

likely reflect the actual annual historic costs to serve all customers (both ICR and non-ICR) as well as the marginal costs to serve ICR customers. It is not clear to what extent actual historic costs may actually be part of the marginal costs. It is also not clear if the revenues from ICR customers will reflect the cost to serve their current loads as well as potential future loads (whether or not those loads actually materialize). Also, to the extent IPL has agreements in place with the ICR customer that guarantees recovery of stranded costs, would IPL write-off or write-down those assets based upon the payment of the guarantee should IPL need to invoke those agreements.

WHEREFORE, LEG respectfully requests that the Commission accept this Identification of Issues list.

Respectfully submitted this 22nd day of July, 2025.

By: /s/ Kelly Cwiertny

Kelly Cwiertny

SHUTTLEWORTH & INGERSOLL PLC
235 6th Street SE
Cedar Rapids, Iowa 52401
(319) 365-9461
kac@shuttleworthlaw.com

ATTORNEY FOR THE
LARGE ENERGY GROUP