**IPL – 2015 Attach. O and GG - Review Questions**

1. **Attachment O, P. 2, Line 1 -** Note AA requires exclusion of Asset Retirement Obligation (ARO) unless authorized by FERC. I noticed that IPL has not removed the ARO values from this total. Please review this situation and make any necessary changes to the Attachment O.

IP&L has researched this in previous filings and the impact of ARO was negligible. IP&L has corrected this on the revised schedule. This correction will also cause an adjustment to Attachment O, P.2, Line 7, in which IP&L will adjust for Production ARO Accumulated Depreciation.

**MISO Response - Thanks…I can tie the Plant in Service amount to the FERC Form 1. Can you provide a workpaper that helps me tie out the Accumulated Depreciation amount on Line 7? I can’t find the ARO Accumulated Depreciation balance in the FERC Form 1.**

**IP&L Response: ARO Accumulate Depreciation - Please see attached file labeled ARO Accumulated Depreciation**

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 2 -** Note AA requires exclusion of Asset Retirement Obligation (ARO) unless authorized by FERC. I noticed that IPL has not removed the ARO values from this total. Please review this situation and make any necessary changes to the Attachment O.

IP&L has researched this in previous filings and the impact of ARO was negligible. IP&L has corrected this on the revised schedule. This correction will also cause an adjustment to Attachment O, P.2, Line 8, in which IP&L will adjust for Transmission ARO Accumulated Depreciation. Please note that Transmission Depreciation Expense on Attachment O, P.3, Line 9 had already been adjusted for ARO expense.

**MISO Response - Thanks…I can tie the Plant in Service amount to the FERC Form 1. Can you provide a workpaper that helps me tie out the Accumulated Depreciation amount on Line 8? I can’t find the ARO Accumulated Depreciation balance in the FERC Form 1.**

**IP&L Response: ARO Accumulate Depreciation - Please see attached file labeled ARO Accumulated Depreciation**

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 3 -** Note AA requires exclusion of Asset Retirement Obligation (ARO) unless authorized by FERC. I noticed that IPL has not removed the ARO values from this total. Please review this situation and make any necessary changes to the Attachment O.

IP&L has researched this in previous filings and the impact of ARO was negligible. IP&L has corrected this on the revised schedule. This correction will also cause an adjustment to Attachment O, P.2, Line 9, in which IP&L will adjust for Distribution ARO Accumulated Depreciation.

**MISO Response - Thanks…I can tie the Plant in Service amount to the FERC Form 1. Can you provide a workpaper that helps me tie out the Accumulated Depreciation amount on Line 9? I can’t find the ARO Accumulated Depreciation balance in the FERC Form 1.**

**IP&L Response: ARO Accumulate Depreciation - Please see attached file labeled ARO Accumulated Depreciation**

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 4 -** Note AA requires exclusion of Asset Retirement Obligation (ARO) unless authorized by FERC. I noticed that IPL has not removed the ARO values from this total. Please review this situation and make any necessary changes to the Attachment O.

IP&L has researched this in previous filings and the impact of ARO was negligible. IP&L has corrected this on the revised schedules. This correction will also cause an adjustment to Attachment O, P.2, Line 9, in which IP&L will adjust for General & Intangible ARO Accumulated Depreciation and P3, Line 10 – ARO Expense for General & Intangible

**MISO Response - Thanks…I can tie the Plant in Service amount to the FERC Form 1. Can you provide a workpaper that helps me tie out the Accumulated Depreciation amount on Line 10? I can’t find the ARO Accumulated Depreciation balance in the FERC Form 1.**

**IP&L Response: ARO Accumulate Depreciation - Please see attached file labeled ARO Accumulated Depreciation**

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 20** - The 2014 value of ($354,546,048) is 30% higher than the 2013 value of ($271,751,274). Please provide an explanation for this material variance.

This increase is primarily the result of a $101.5 million tax method change recorded for capital repairs. This accounting change is also disclosed in IP&L’s annual disclosure of accounting changes.

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 21** - The 2014 value of ($149,656,405) is 16% higher than the 2013 value of ($128,560,207). Please provide an explanation for this material variance.

This is primarily the result of a $15.8 million increase in IP&L’S regulatory asset related to unrecognized defined benefit pension expenses during the year. As described in IP&L’s 2014 FERC Form 1, footnote 6, in accordance with ASC 715 “Compensation – Retirement Benefits” and ASC 980 “Regulated Operations”, IP&L recognizes a regulatory asset equal to the unrecognized actuarial gains and losses and prior service costs.

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 22** - The 2014 value of $141,967,857 is 39% higher than the 2013 value of $102,258,140. Please provide an explanation for this material variance.

The increase is primarily related to $5.9 million increase for large capital projects and $29.9 million for deferred tax asset for tax Net Operating Loss.

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 23** - The 2014 value of ($5,229,169) is 21% lower than the 2013 value of ($6,660,590). Please provide an explanation for this material variance.

This is the result of the amortization of Investment Tax Credit (ITC).

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 23** - I noticed that you have populated this line and the Att. O, P. 3, Line 24. Per Notes F & K there should be values in one or the other, but not both. Please review this situation and make any necessary corrections to the Attachment O.

IP&L has corrected this on the revised schedule by zeroing out P.3, Line 24 on Attachment O.

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 25 -** Please confirm that IP&L did not have any Transmission-related Land Held For Future Use to report for 2014 (see Note G).

IP&L has confirmed that there is no transmission-related Land Held for Future Use to report for 2014.

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 27 -** Please confirm that all of IP&L’s Materials & Supplies for 2014 are Transmission-related (see Note G).

IP&L has confirmed that the total amount was not all Transmission related. Accordingly, we have corrected the revised schedule.

**MISO Response - Please provide a workpaper that will help me tie it to the FERC Form 1.**

**IP&L response: Please see the attached work paper – labeled Materials and Supplies Work paper**

**MISO Response - Thank you!**

1. **Attachment O, P. 2, Line 28** - The 2014 value of $9,120,528 is 20% lower than the 2013 value of $11,419,226. Please provide an explanation for this material variance.

This decrease is primarily the result of a reduction in prepaid medical expenses.

**MISO Response - Thank you!**

1. **Attachment O, P. 3, Line 5a -** IP&L has entered the value for MISO FERC Annual Assessment from the FERC Form 1, P. 350, Line 4 on this line. Please explain the difference between this amount and the amount entered on Att. O, P. 3, Line 4. Note BB states that Schedule 10 FERC charges should not be included in the O & M amounts recovered on the Attachment O. I want to make sure that you are not adding Sch. 10 FERC charges back in on this line. Please review this and make any necessary changes to the Attachment O.

IP&L has corrected this on the revised schedule. Sch. 10 FERC changes were included in lines 4,5, and 5a, so the impact of this correction is negligible.

**MISO Response - Thank you!**

1. **Attachment O, P. 4, Line 7** - The 2014 value of $1,823,399 is 28% lower than the 2013 value of $2,532,973. Please provide an explanation for this material variance.

This is primarily the result of a decrease in Load Dispatch-Reliability expense.

**MISO Response - Thank you!**

1. **Attachment O, P. 4, Line 7** - Per Note L this value should be the sum of Accts. 561.1, 561.2, and 561.3 (including 561.BA). Those three accounts total up to $1,913,494. I think that is the proper value for this line. Please explain why you have entered a value of $1,823,399.

This was a calculation based on the new Schedule 1 Recoverable Expense template received by MISO and was included in IP&L’s submission. The $90,095 difference is the current year Schedule 1 Revenue Credits. Please see Schedule 1 Recoverable Expense template, as additional information can be found in the note on this template.

**MISO Response - I see how you came up with this amount. The amount on this line should not be reduced by the amount of the Sch. 1 Revenue Credits. The adjustment for Sch. 1 Revenue Credits is only for the purposes of calculating the Sch. 1 Revenue Requirement. The Attachment O Note L instructions govern what is reported on this line. Please review this and make the necessary revisions.**

**IP&L Response: IP&L has corrected, please see revised attachment O.**

**MISO Response - I agree with the correction you made. Unfortunately this correction affects inputs to the Attachment GG template found on Page 1 of that template. The result is a revised Attachment GG revenue requirement. Since the Attachment GG revenue requirement is carried over to the Attachment O (P. 3, Line 30), an edit to the Attachment O template is needed also.**

**Please review this situation and make the necessary edits. It should not take long to make these changes, but it is something that needs to be done so that everything is synchronized.**

**MISO Response - Thank you!**

1. **Attachment O, P. 4, Line 34** - Please confirm that the Rent Revenues shown on this line are all Transmission-related (per Note R).

The total amount was not all Transmission related and IP&L has corrected this on the revised schedule.

**MISO Response - Please provide a workpaper that will help me tie it to the FERC Form 1.**

**IP&L response: Because IP&L system does not specifically track pole attachment revenues as distribution or transmission, IP&L made a conservative estimate based upon the portion of poles that are transmission. Because a greater portion of our distribution poles have attachment revenues as compared to transmission, this is conservative. Please see the attached work paper – labeled Rent Revenues Work paper.**

**MISO Response - Thank you!**

1. **Attachment GG, P. 2 -** I see that you have reported cost information for MTEP Project 2053. IP&L also has approval for MTEP Project 3212. Please confirm that Project 3212 was not in service during 2014.

IP&L has confirmed that Project 3212 was not in service during 2014.

**MISO Response - Thank you!**

1. IP&L received an additional question regarding the Facility ID for the Petersburg 2B 345V breaker on Attachment GG Reporting Form Historical template. IP&L has corrected the Facility ID on the revised schedule. The correct Facility ID is 3940

**MISO Response - Ben Stearney (MISO Planning) states that Facility ID 3940 was already on the Project Description list IPL submitted, and is flagged as cost shared.  However, Facility ID 3940 in the MTEP Planning Database refers to “Petersburg West Autotransformer”, not the “Petersburg 2B 345 bkr”. He sees no 345 kV breakers specifically listed out in their facility list that was approved for cost sharing for Project 2053. Were this breaker and its costs combined into another Facility ID? Can you look into this disconnect? We want to make sure we are only including costs approved for cost sharing in Attachment GG.**

**IP&L response: The facilities tab shows project 2053 and Facility 3940 has the West Auto and in the description it says West Autotransformer and 345 kV breaker - Please see attachment labeled – MISO ProjectDB\_2014-05-30\_Confidental**

**MISO Response - Ben Stearney accepts your explanation. Thank you!**