

APPENDIX D

Vol 2 Collins Direct

STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

REGIONS CENTER
ORIGINAL
OFFICE OF THE SECRETARY

IN RE: INTERSTATE POWER AND LIGHT COMPANY AND ITC MIDWEST LLC
DOCKET NO. SPU-07-
FILED WITH
EXECUTIVE SECRETARY
MAR 20 2007

DIRECT TESTIMONY OF DOUGLAS C. COLLINS IOWA UTILITIES BOARD

- 1 Q. Please state your name and business address.
- 2 A. My name is Douglas C. Collins. My business address is 1000 Main Street in
- 3 Dubuque, Iowa 52004.
- 4 Q. By whom are you presently employed and in what capacity?
- 5 A. I am employed by Alliant Energy Corporate Services, Inc. ("AECS"), a service
- 6 company subsidiary of Alliant Energy Corporation ("Alliant Energy"). My job
- 7 title is Director of System Planning. In this position, most of my time is spent
- 8 working for Alliant Energy's wholly-owned utility subsidiaries, Interstate Power
- 9 and Light Company ("IPL" or "Company"), and Wisconsin Power and Light
- 10 Company ("WPL"). I am testifying on behalf of IPL in this proceeding.
- 11 Q. What is your educational background?
- 12 A. I received a Bachelor of Science degree in Electrical Engineering from Iowa
- 13 State University in 1983.
- 14 Q. Please describe your professional experience.

- 1 A. I began my employment at Interstate Power Company ("IPC"), a predecessor
- 2 company of IPL. I have represented IPC, IPL and AECS in connection with
- 3 several regional industry groups including the Minnesota/Wisconsin Power
- 4 Supplier Group, the Mid-Continent Area Power Pool ("MAPPP"), Engineering
- 5 Committee, the MAPP Transmission Studies Working Group, MAPP
- 6 Regional Transmission Committee, and the North American Electric
- 7 Reliability Corporation ("NERC") Planning Reliability Model Task Force. I am
- 8 also past Chairman of the MAPP Regional Transmission Committee. I have
- 9 served as the Chairman of the Midwest Independent Transmission System
- 10 Operator, Inc. ("Midwest ISO") Transmission Owners Committee, Vice
- 11 Chairman of the Midwest ISO Advisory Committee, and the Vice Chairman of
- 12 the Mid-America Incorporated Network, Inc. ("MAIN") Planning Committee.
- 13 Q. Have you provided testimony in prior regulatory proceedings?
- 14 A. Yes. I have testified before the Iowa Utilities Board ("Board"), the Public
- 15 Service Commission of Wisconsin, the Minnesota Public Utilities Commission
- 16 and the Federal Energy Regulatory Commission ("FERC").
- 17 Q. What is the purpose of your testimony?
- 18 A. On January 18, 2007, IPL entered into an Asset Sale Agreement ("ASA") with
- 19 ITC Midwest LLC ("ITC Midwest"), a newly formed subsidiary of ITC Holdings
- 20 Corp. ("ITC"), for the sale of IPL's transmission assets in Iowa, Minnesota,
- 21 Illinois, and Missouri. I will generally refer to the transmission sale as the
- 22 "Transmission Transaction" or "Reorganization." In support of this
- 23 Transmission Transaction, IPL and ITC Midwest are filing a Joint Application

1 Also, throughout this same period, firm curtailments occurred for over 200
2 hours.

3 Q. Is this level of TLR curtailment significant?

4 A. Yes, after the summer of 2003, IPL was concerned that the number of TLR
5 curtailments in the Alliant West⁴ control area were not only unfairly affecting
6 IPL customers, but also leading to potential reliability problems within the IPL
7 control area. In late 2003, NERC agreed with IPL and formed the Alliant
8 West TLR Task Force to develop specific recommendations for market and
9 operating practices to address problems associated with TLR curtailments in
10 the Alliant West region expected in the summer 2004. NERC approved
11 several short term recommendations proposed by the Task Force which were
12 implemented to help control flows and, therefore, control congestion on IPL
13 facilities.

14 Q. Were the recommendations effective in reducing congestion?

15 A. The recommendations were effective in that transmission providers
16 throughout the Midwest began to better coordinate approval of new power
17 transactions. But congestion on IPL facilities has not been eliminated.

18 Q. What leads you to the conclusion that congestion has not been
19 eliminated on IPL's facilities?

20 A. The designation of the NCA throughout much of the IPL footprint is evidence
21 of the continuing congestion that exists. The NCA designation can in some

⁴ In the Midwest ISO area, the "Alliant West" or "ALTW" designations refer to the IPL area in Iowa, Minnesota and Illinois.

1 may be compared to the actions proposed by the NERC Alliant West TLR
2 Task Force, in that intervention outside of normal industry practices is needed
3 to address congestion, and the resulting congestion costs, across IPL's
4 transmission system.

5 Q. Has IPL been able to focus on constructing new transmission facilities
6 to address the congestion in the IPL service territory?

7 A. Internal competition for capital within IPL has prevented IPL from making the
8 significant investment of capital needed to support the demands being placed
9 on the transmission system by the market transactions. IPL's focus is to build
10 transmission facilities to reliably serve customers and to meet applicable
11 planning standards. IPL does not focus on identifying projects that relieve
12 congestion points across the IPL footprint, and has not developed a
13 comprehensive plan specific to addressing congestion.

14 Q. Do you believe that ITC Midwest will take a different approach to
15 congestion?

16 A. Yes. ITC Midwest will develop regional transmission plans that address
17 economic as well as reliability constraints.

18 Q. Other than projects for congestion relief, do you believe that there are
19 other differences between the capital investment plan that IPL would
20 pursue versus the plan that ITC Midwest would pursue?

21 A. Yes, there are. For instance, IPL recognizes that existing facilities do not last
22 forever and that provisions must be made to invest in the replacement of
23 aging infrastructure. IPL's Planning Department has presented proposals to

- 1 IPL management to accelerate this replacement cycle, but due to the internal
 2 competition for capital, the replacement cycle remained unchanged. ITC
 3 expects to use its extensive prior investment experience in Michigan to further
 4 its focus on implementing needed investment through the operations of ITC
 5 Midwest. (See direct testimony of ITC Midwest witness Welch.)
- 6 Q. Can you give an indication of why IPL's Planning Department felt that
 7 the replacement cycle needed to be accelerated?
- 8 A. Yes. One area of concern is that 500 miles of 34.5/69KV lines were
 9 constructed prior to 1940. That means that those facilities are at least 67
 10 years old. In addition, IPL's 115KV system in central Iowa has been identified
 11 as being in poor condition and needs to be rebuilt. There are over 300 miles
 12 of 115KV line in that area.
- 13 Q. Is ITC aware of these aged facilities?
- 14 A. Yes. IPL's Planning Department prepared a presentation for ITC Midwest on
 15 this issue and other investment needs. This presentation is included as
 16 Exhibit (DCC-1) Confidential Schedule H.
- 17 Q. Does ITC Midwest plan to address this issue?
- 18 A. Yes, ITC Midwest has indicated that it finds the recommendations contained
 19 in Confidential Schedule H to be prudent and appropriate. (See direct
 20 testimony of ITC witness Richard Schultz.)
- 21 Q. Were there other recommendations contained in IPL's Planning
 22 Department's presentation for ITC Midwest?

- 1 A. Yes, in addition to the acceleration of the replacement cycle, the presentation
 2 also identified some facility additions that IPL's Planning Department
 3 recognizes as necessary.
- 4 Q. Are the additions that were identified ones that IPL would build?
- 5 A. Yes, these additions would all be built by IPL, but over a longer time frame
 6 than optimal due to constrained capital budgets.
- 7 Q. Does this mean that IPL is not providing a reliable system?
- 8 A. No. While IPL's Planning Department believes that IPL's capital plan
 9 provides a reliable system there are other tools to keep the system reliable --
 10 such as instituting operating guides.
- 11 Q. If establishing operating guides keeps the system reliable then why
 12 does IPL feel the facility additions should be made instead?
- 13 A. While operating guides can be effective in maintaining reliability, they should
 14 be used only on a short term basis to address either a temporary situation or
 15 an unexpected problem where the facility addition can not be built in the
 16 needed time frame. Operating guides indicate that the margin of reliability is
 17 reduced (the system is operating closer to the edge) and operating flexibility
 18 is reduced providing less options under abnormal operating conditions that
 19 arise -- like the recent ice storms.
- 20 Q. Will ITC Midwest build the facilities identified in Confidential Schedule
 21 H?

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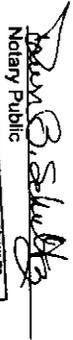
AFFIDAVIT OF
DOUGLAS C. COLLINS

STATE OF IOWA)
) ss.
COUNTY OF DUBUQUE)

I, Douglas C. Collins, being first duly sworn on oath, depose and state that I am the same Douglas C. Collins identified in the Direct Testimony; that I have caused the Direct Testimony, including any Exhibits, to be prepared and am familiar with the contents thereof; and that the Direct Testimony, including any Exhibits, are true and correct to the best of my knowledge and belief as of the date of this Affidavit.


Douglas C. Collins

Subscribed and sworn to before me,
a Notary Public in and for said County
and State, this 2 day of March, 2007.


Notary Public

