

## List of Significant Concerns:

- Decorah Power's ability to maintain and operate a municipal power utility at the same level of performance as Alliant Energy
  - From the feasibility studies: O&M costs vary by as much as \$1.135M
  - From the feasibility studies: Inventory variance of \$443K
    - A replacement transformer costs significantly more than the stated DP inventory
  - 2008 Flooding example. Alliant was able to mobilize and re-establish power within ours
  
- Cost:
  - Actual usage in 2017 amounted to 2.4M kWh or ~3% of the Decorah power grid
    - Alliant versus DP differ in forecasted power by 44.4M kWh or 35% increase
  - \$/kWh is \$0.104. A \$0.01/kWh change represents \$24K annually
    - Comparing Bellevue MEU to Alliant rates: ~\$0.13 versus \$0.104
      - \$62,729K annually increase
  - Overall the DP has understated the assets owned by Alliant by \$14.9M
  
- Consideration in the referendum vote:
  - Large energy users which are impacted do not have a voice
    - Rockwell Collins: Daniel Pemble, Operation Manager
    - Gemini Sign Products: Frederick Oss, President
    - Toppling Goliath: Clark Leway, President
    - Iowa Rotocast Plastic: Chad Wilkins
    - Stanley Engineered Fastening: Scott Milburn, Operations Director
    - Deco Products: Chris Storlie, Operations Director



**Daniel Pemble**  
Plant Manager  
Decorah Operations

**Rockwell  
Collins**

2464 River Road  
Decorah, IA 52101  
319.295.9800 Fax 319.295.9809

March 1, 2018

Dear Mayor Borowski and Decorah City Council:

We are the leadership of local businesses and employees who represent a significant portion of both the area's workforce and electric power load. We appreciate your willingness to hear our concerns ahead of Monday's vote on an electric municipalization referendum.

In short, it is our strong preference to remain Alliant Energy customers and we will make all efforts necessary to maintain service with the company if this effort would continue to the Iowa Utilities Board.

Part of our thinking is based on our recent shared history. On June 9, 2008, in the midst of historic flooding across the upper Midwest, a levee broke washing out a power pole vital to serving electricity to our businesses. Watching what was happening elsewhere and seeing the extreme need for equipment, skilled labor and emergency supplies at Midwestern utilities big and small, we expected that we would be without power for days.

However, shortly after the outage, a dedicated group of local crews from Alliant Energy started setting up a mobile substation in the parking lot of the Rockwell Collins facility. In just over 13 hours, we were able to restore power and get our production and employees working again. This was an amazing action taken by the experienced local crews and made possible because of Alliant Energy's vast equipment inventory and ownership of a temporary substation.

No other utility in our region without Alliant Energy's resources could have restored power so quickly. Our losses from the storm would have been significant and the negative impacts to our employees and our community much larger with a prolonged outage. This was an extreme case, but even in normal conditions, the reliability of Alliant Energy's local power grid far exceeds the averages.

We appreciate the continuing efforts of Alliant Energy to build a renewable energy portfolio that matches our sustainability goals. We also appreciate that the company provides 24/7 dedicated business support. Our companies value the rate-regulated structure afforded by the Iowa Utilities Board. We can intervene in filings and, like other customers, get a fair say in rates, plans and other activities of the utility.

[Mayor Borowski and Decorah City Council]

February 16, 2018

Page 2 of 2

We generally accept the feasibility model provided by Concentric Energy Advisors as being directionally accurate. System and inventory costs in the firm's estimates are reasonable. We would also agree with the firm's findings that a municipal utility will lead to higher rates for our companies over time.

We have significant concerns that a shift to a municipal utility would eliminate our ability to intervene and present our case before the Iowa Utilities Board in any rate proceeding. The Iowa Utilities Board is staffed by utility experts who comb through Alliant Energy's figures and input from customers before determining rates. We see a significant risk if we were to be included in a municipal utility and lose this right to intervention if the city council or a local board of trustees were making rate decisions without Iowa Utilities Board involvement.

We respectfully ask the council to consider stepping back. We prefer the council redirect this effort into discussions with Alliant Energy on the ways that we can all work together, with less cost and lower risk of reliability issues and rate instability.

We have found Alliant Energy to be reasonable with solutions that meet customer goals while being at fair cost for all customers. We see no advantage to rushing a referendum to the public at this time. This, instead, is the time to negotiate a favorable outcome for Decorah, our companies, the environment and the local power grid.

With regards,



Daniel Pemble  
Plant Manager  
Decorah Operations

CC: Chad Bird, City Administrator

Additional Local Supporting Businesses:



Frederick M. Oss, President  
Gemini Sign Products



Clark Lewey  
President



Chad Wilkins



Engineered Fastening  
Scott Milburn



Chris Storfie