

COUNCIL ACTION FORM

SUBJECT: **POWER PLANT UNIT #7 AND #8 FUEL CONVERSION – NATURAL GAS DELIVERY CONTRACT**

BACKGROUND:

The power plant conversion project is required to meet future Environmental Protection Agency (EPA) air quality requirements for electric generating power plants. In recent years, the electric utility industry, particularly utilities with fossil-fueled generation resources, has been challenged by the introduction of several major environmental regulations promulgated by the EPA. At the same time, the price and supply of natural gas has dropped significantly in the United States. These two factors together have caused the industry to reevaluate its strategies of how to generate electric power.

The City of Ames, with its two coal-fired generating units (47 and 32 years old), has carefully assessed its future role of supplying power for the City's electric ratepayers. On October 30, 2013, the EUORAB voted to recommend that City Council approve conversion of the City's power plant from coal to natural gas. On November 12, 2013, the City Council voted to convert the City's power plant from coal to natural gas.

Why Not Continue to Use Coal?

In the years preceding Council's decision to convert to natural gas, Electric Services staff and contracted consultants had been carefully studying electric generating and power supply options to meet our community's future needs. During this time, the City Council was also involved in several workshops and presentations on this key strategic decision. Under consideration were current, pending, and anticipated environmental rules, as well as increased availability and reduced pricing of natural gas. Presentations to the City Council on this topic were made on March 11, 2013 and October 15, 2013.

Staff's research had determined the two most viable options were to continue to burn coal and install emission-reducing technology, or convert the boilers to burn natural gas. Both of these choices were expensive. Because this decision has long-term impacts on electric rates and other community aspects, the Electric Utility Operations Review and Advisory Board (EUORAB) held two public forums. Input from those forums was shared with the City Council.

After considering all of the input and information provided to date, the Electric Services staff recommended to the EUORAB and to the City Council that power plant units #7 & #8 be converted to natural gas, based on the following considerations:

- The Black & Veatch study indicated that the new and proposed rules from the Environmental Protection Agency could be met using either a coal/RDF-fueled power plant or a natural gas/RDF-fueled power plant.
- Capital and operating cost comparisons of the two options did not indicate one to be a clear lower cost option. (See the selected material presented at the Oct 15, 2013 City Council meeting included as Attachment 1.)
- Further analysis by staff regarding environmental, social, fuel sourcing, constructability, and regulatory comparisons clearly indicated that conversion to natural gas/RDF operation is the correct recommendation at this time. (See Attachment 1.)

Implementing the decision to convert to natural gas requires a significant amount of engineering, installation of equipment, and modification and construction in the power plant. Further, it is known that the existing gas transportation system (pipeline) to Ames is inadequate to support operating the power plant on natural gas. An adequate source of gas exists in the form of two Northern Natural Gas (NNG) large capacity, high volume, and high pressure pipe lines running east and west near Story City. A tap line is needed from one of these pipe lines to Ames and into the power plant. **The issue before the City Council and EUORAB is to determine how best to provide gas transportation service from the Northern Natural Gas transmission line to the Ames power plant.**

Who Should Build and Own the Gas Transmission Line?

To assist in making this decision, staff has analyzed two options to eliminate this gas transportation limitation. The first is construction of a 13 mile gas line to be owned and operated by the City, and the second is to enter into a gas delivery contract with Alliant Energy (also known as Interstate Power and Light, or IPL) with IPL building, owning and operating the gas line.

Option 1 – City Builds, Owns, & Operates

One option available is for the City of Ames to build and own its own high pressure gas line from Story City to the power plant. With help of US Energy, the City's gas service consultant, staff outlined the City's service requirements and presented them to several gas line engineering firms and gas line construction companies. The project scope included route determination, line design, permit filing with the Iowa Utilities Board (IUB), and easement acquisition. This would be followed by a bidding process for line construction. Staff received a budgetary estimate of this option of \$17,000,000. **Taking into account debt service and annual operating costs over a thirty year period, it is estimated that the present value cost of this option is \$20,272,000.** (See Attachment 2)

Option 2 – IPL Builds, Owns & Operates

Alliant Energy (IPL) is the retail natural gas service provider in the Ames area. IPL is in the process of completing a major gas line from one of the NNG gas pipe lines in Story City to a location just north of Barilla (called the IPL-DuPont Regulation Station). This gas line is being built to supply gas transport service to

Lincoln Way Energy, DuPont, and Iowa State University. IPL's proposal is to allow the City of Ames to become a fourth participant in this line extension. As part of the contract (Attachment 2), IPL will construct an additional 4.5 miles of new gas pipeline to transport gas from the IPL-DuPont Regulating Station to the power plant. (In Attachment 1, a map of the pipeline route can be found under Exhibit A.) **Based on a financial analysis of the IPL proposal, the present value cost of this option over a thirty year period is \$23,490,000.** (See Attachment 2)

As evidenced by the above estimates, the present value cost of the City contracting with IPL for gas transportation service is approximately 16% more expensive than the City building our own gas transmission line. However, it is important to note that there are several factors that weigh in favor of contracting with IPL (Option 2). These include the following:

- Costs related to construction and operation of the pipeline will be fixed and identifiable for the first 10 years of the contract. The only uncertainty is in the area of rate increases after year 10. These increases will be tied to rate adjustments approved by the Iowa Utilities Board (IUB), and therefore will create some minor uncertainty under this option. In contrast, for the City-build option (Option 1) there is greater uncertainty in the material cost, construction cost, easement costs, and operational costs. A slight deviation from the estimated costs assumed in Attachment 2 could easily wipe out the expected financial advantage of the City-build.
- IPL has already received IUB approval, acquired easements, and nearly completed construction of the majority of the line to Barilla. IUB approval is only needed for the final 4.5 miles up to the power plant, and most of this is located within the City of Ames. In contrast, the City-build option will require the development of a route from Story City to Ames, which then needs to be filed with the IUB for the entire 13 mile section of the line.
- EPA's new requirements go into effect for the Ames' power plant on April 16, 2016. There are several components within the City-build option which are outside the control of the City, including delays in gaining a franchise, delays in easement procurement, material or construction delays, all which could cause the City to miss this deadline. Contracting with IPL will have far less risk as IPL is much farther along in the process.
- No City staff time will be needed to manage the construction project. Administrative staff can focus its resources on the plant conversion itself.
- After the first 10 years of the contract, the City can continue the contract for up to an additional 20 years, or stop taking service. This gives the City more flexibility to determine how best to adjust to changing Utility needs in the future. In contrast, the City-build option is designed with continued debt payments for a total of 30 years.

Components of the Proposed Contract with IPL to Build and Operate Gas Line

Careful consideration was made to build flexibility into the agreement to handle expected changes in the electric industry. (See Attachment 3)

- **Term** – The initial term of the agreement is 10 years. The City reserves the right to extend the agreement for one (1) additional 10 year term followed by up to two (2) additional 5 year terms. This flexibility allows the City to have a long-term contract if needed or to shorten it if the City’s generation needs change.
- **Service Quantities** – Gas contracts are priced based on two components - demand and throughput. The gas is measured in dekatherms (Dth), the quantity of heat energy which is equivalent to one million Btu.
 - **Demand** is best described as “renting” space on the pipe. The City will request that a specified amount of space be reserved for its use in the pipe at all times. **The City pays for this regardless of the amount of gas that flows through the pipe.**
 - The City’s maximum daily demand if Units 7 and 8 are both run wide open is 30,900 Dth per day. However, based on the power plant’s operating criteria in the summer and winter, the City will contract for 19,000 Dth initially. This amount is based on the amount of natural gas used by unit #8 at its peak operating level in the winter season.
 - The contract specifies that the demand level cannot be lowered below 19,000 Dth in the first 10 years of the contract, but can be increased if the City desires. Following year ten of the agreement, the contract allows the City to adjust this amount up or down.
 - The Demand Rate varies over the term of the agreement.
 - For the initial five-year term of the agreement, the Demand Rate is \$6.90 per Dth-month. At the contracted amount of 19,000 Dth from above, **this equates to \$1,573,200 over a year.**
 - For the years 6 - 10 of the agreement, the Demand Rate drops to \$3.20 per Dth-month. At the contracted amount of 19,000 Dth from above, **this equates to \$729,600 over a year.**
 - For the years 11 – 20 of the agreement, IPL has the right to adjust the Demand Rate equal to the percentage change in their Large General Service Transportation Rate, approve by

the IUB that occurred over the first 10 years of the agreement. For instance, if the IUB approves several rate increases that total 5% between 2016 and 2025, then in year 11 of the IPL-City Agreement, the \$3.20 per Dth rate increases to \$3.36 ($\$3.20 * 1.05$).

- For the years 21 - 25 of the agreement, IPL has the right to adjust the Demand Rate equal to the percentage change in their Large General Service Transportation Rate, approved by the IUB that occurred between year 11 and 20 of the agreement.
 - For the years 26 - 30 of the agreement, IPL has the right to adjust the Demand Rate equal to the percentage change in their Large General Service Transportation Rate, approved by the IUB that occurred between year 21 and year 25 of the agreement.
- **Throughput** is best described as “use” of the pipe and is based on the amount of gas that flows through the pipe.
- Based on the current plant operating parameters, it is estimated that the plant will use 4,000,000 Dth per year over each of the next 10 years.
 - The Throughput level is a measure of the volume of gas actually transported. Each year of the first 10 years of the agreement, the City will be billed based on the higher of: 1) 3,100,000 Dth per year or 2) the actual amount transported. If the City transports less than 3,100,000 Dth in a given year, the City is billed for 3,100,000 Dth. Following year ten of the agreement, the 3,100,000 Dth floor goes away and the City is only billed based on the volume of gas transported.
 - The Throughput Rate varies over the term of the agreement.
 - For the initial five-year term of the agreement, the Throughput Rate is \$0.1725 per Dth. At the estimated year’s usage of 4,000,000 Dth from above, **this equates to \$690,000 per year.**
 - For the years 6 - 10 of the agreement, the Throughput Rate drops to \$0.08026 per Dth-month. At the estimated year’s usage of 4,000,000 Dth, **this equates to \$321,040 per year.**
 - For the years 11 – 20 of the agreement, IPL has the right to adjust the Throughput Rate equal to the percentage change

in their Large General Service Transportation Rate, approved by the IUB that occurred over the first 10 years of the agreement. For instance, if the IUB approves several rate increases that total 5% between 2016 and 2025, then in year 11 of the IPL-City Agreement, the \$0.08026 per Dth rate increases to \$0.084273 ($\$0.08026 * 1.05$).

- For the years 21 - 25 of the agreement, IPL has the right to adjust the Throughput Rate equal to the percentage changed in their Large General Service Transportation Rate, approved by the IUB that occurred between year 11 and year 20 of the agreement.
- For the years 26 - 30 of the agreement, IPL has the right to adjust the Throughput Rate equal to the percentage changed in their Large General Service Transportation Rate, approved by the IUB that occurred between year 21 and year 25 of the agreement.
- Contribution in Aid to Construction – Under this agreement, IPL will be constructing an additional 4.5 miles of gas pipeline from the IPL-DuPont Regulation Station. Because the City desires to maintain the ability to increase its Demand level to as high as 30,900 Dth in the future, IPL must oversize the 4.5 miles of pipeline today. The City's share of the cost to install the larger pipe is \$4,529,140. The contract requires the City to pay IPL 15 equal installments beginning with the first month following the approval of the agreement. In exchange, the City is guaranteed rights to 30,900 Dth of capacity in the 4.5 mile section over the life of the agreement. This payment was included in the Present Value Cost comparison discussed above.

The FY 2014/15 Capital Improvements Plan previously approved by the City Council includes \$17,000,000 for the purpose of constructing a gas line. The prepayment of \$4,529,140 would be funded from that CIP project. The monthly Demand and Throughput charges from IPL will be funded on a year-by-year basis from the Electric Services Operation & Maintenance budget.

- Other Significant Features of the Agreement
 - IPL is committed to complete the gas line prior to April 16, 2016; the date by which the City needs to be converted to natural gas to meet the EPA deadline. Likewise, the City is required to begin paying this Demand charge in April 2016, even if the City is not ready to accept gas. However, the Throughput payments can be delayed up to 6 months, if necessary, should our conversion not yet be complete.
 - Subject to some restrictions, the City is allowed to tap the proposed line to add additional service points for future City gas needs.

- The City can add additional generation and use the new line to provide gas to the plant at the same rates in effect at the time.
- For years 6 – 10, the City can sell/transfer a portion of the throughput “floor” (3,100,000 Dth) to DuPont, Iowa State University or Lincolnway Energy. This is advantageous in the event plant operations change in the future.
- Alliant Agreement to Deliver Coal Prior to the Conversion
Presently, the City receives coal deliveries for the power plant from Williams Bulk Transport (WBT), which is a separate subsidiary of Alliant Energy (IPL). This coal contract will expire on December 31, 2015, which is prior to the time that the Power Plant will be entirely converted over to natural gas. This means that arrangements are still needed for WBT to supply coal after December 31, 2015 up until the time the plant conversion is complete.

Presently, WBT has offered to stockpile additional coal at its site using train deliveries through December 31, 2015. WBT will then deliver that coal by truck to Ames beginning in 2016 at the same price in effect in 2015. In addition, the City can store approximately 40,000 tons of coal on site; which is enough to operate the plant for roughly 65 days.

Staff is very concerned that acceptable terms of a WBT extension be clearly understood and be confirmed in a separate memorandum of understanding prior to approval of this gas line agreement. Continued discussion between the City and WBT will take place up until Tuesday night in order to confirm the terms under which the City will receive coal delivery in 2016.

In view of the fact that IPL is the community’s only provider of natural gas delivery, prior to approving this agreement the City Council will need to waive the competitive bidding requirements of the City’s Purchasing Policies and Procedures.

The Electrical Utility Operations Review and Advisory Board reviewed this item at a special meeting on October 9. After an extensive staff presentation and discussion, EUORAB recommended that the City Council waive its formal bidding requirements and award a contract to Interstate Power & Light (IPL) for natural gas delivery service from a Northern Natural Gas pipeline near Story City to the Ames Power Plant, subject to the following:

- The summary of future rate increases be corrected in the EUORAB Action Form, and
- The City obtains an acceptable letter from WBT ensuring the City has coal delivery as needed.

The correction cited by EUORAB in its recommendation was subsequently made to this Council Action Form.

ALTERNATIVES:

1. Waive the City's formal bidding requirement and approve the attached contract with Interstate Power & Light (IPL) for natural gas delivery service from the Northern Natural Gas pipelines near Story City to the Ames power plant.

This action should be contingent upon the City staff and Williams Bulk Transport reaching an acceptable agreement on continuation of coal supply, as needed, in 2016.

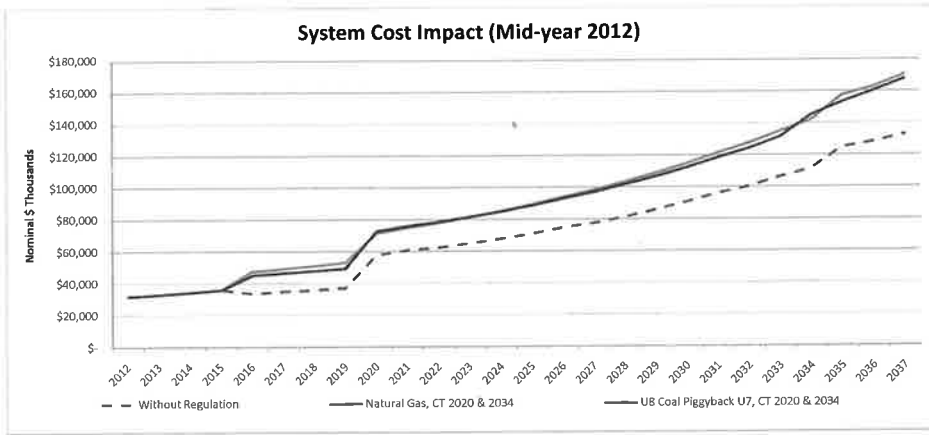
2. Reject the proposed contract from IPL and direct staff to initiate steps to engineer and construct the City-owned pipelines from the Northern Natural Gas pipeline near Story City to the Ames power plant.
3. Delay this decision.

MANAGER'S RECOMMENDED ACTION:

Conversion of the City's Power Plant (Units 7 & 8) from coal to natural gas was previously recommended by EUORAB and was approved by the City Council in November 2013. After reviewing the attached financial analysis and considering the other factors outlined in this report, it is the recommendation of City Manager that the City Council accept Alternative #1, thereby waiving the City's formal bidding requirements and approving the attached contract with Interstate Power & Light (IPL) for natural gas delivery service from a Northern Natural Gas pipeline near Story City to the Ames power plant.

It is important to note that the contract with IPL provides the infrastructure to transport gas to the City's power plant from the Northern Natural Gas (NNG) transmission pipeline. In future, the City will have to enter into a separate transport contract with NNG and contract with a company to supply the gas.

Attachment 1



Issues: Regulations Permits Political Social	Status:	Case 1: Units 7 & 8 remain on coal, co-fire refuse derived fuel (RDF), startup on #2 fuel oil Retrofit plant with dry sorbent injection (DSI) with trona for acid gas control, powder activated carbon (PAC) for mercury control, and a fabric filter (FF) bag house for PM _F control	Case 2: Fuel switch Units 7 & 8 from coal to natural gas, co-fire refuse derived fuel (RDF), startup on natural gas
Title V Operating Permit	Existing Rule.	Permit would have to be modified and re-issued to reflect the modifications to the power plant and the changes in pollution control equipment. During the public notice period, 3 rd party interveners likely to object. Annual air emissions inventory process more difficult and complex. Significantly more (and more complex) stack testing required.	Permit would have to be modified and re-issued to reflect the modifications to the power plant associated with converting from coal to natural gas. During the mandatory public notice period, 3 rd party interveners unlikely to object. The annual air emissions inventory process and stack testing requirements would be less (than current requirements).
CSAPR (Cross State Air Pollution Rule)	Final rule challenged and now before the U.S. Supreme Court awaiting oral argument and decision. (Oral argument currently scheduled for December 20, 2013.)	Both SO ₂ and NO _x compliance issues.	No SO ₂ compliance issues. Possible NO _x compliance issues.

MATS (Mercury and Air Toxics Standard)	Rule finalized 02/16/2012. Standard compliance required April 2015. One (1) year extension available to April 2016. Possible, but unlikely compliance extension to April 2017.	Must install dry sorbent injection (DSI) system(s) to control acid gas emissions, powder activated carbon (PAC) system(s) to control mercury emissions, and a fabric filter bag house(s) to control particulate matter (PM) emissions.	Rule does not apply to NG units.
CCR (Coal Combustion Residuals)	Proposed rule published in <i>Federal Register</i> 06/21/2010. Highly politicized and controversial rule.	The existing surface impoundment for receiving ash would have to be excavated to remove CCR solids and then lined, or the site would have to be phased out and closed – likely within (5) years of the issuance of the final rule..	The rule does not apply to NG units. However, the existing surface impoundment would have to be phased out and closed – likely within (5) years of the issuance of the final rule.
NPDES (National Pollutant Discharge Elimination System)	Existing Rule	Coal pile runoff and cooling tower blowdown would be regulated as it is now.	Cooling tower blowdown would be regulated as it is now.
ELG (Effluent Limitations Guidelines)	Proposed rule published 06/07/2013. Comment period closed 09/20/2013.	Rule could force major equipment modifications. Flyash from the FF bag house (with trona captured acids and carbon captured mercury) likely to be handled dry or dewatered for zero discharge. Non-chemical metal cleaning wastes, such as wash water from ash removal from tubes, ducts, and heat exchanger elements, could be subject to copper and iron limits.	Rule could require dry handling of (RDF) ash or zero discharge dewatering. Non-chemical metal cleaning wastes, such as wash water from ash removal from tubes, ducts, and heat exchanger elements, could be subject to copper and iron limits.

SSM (Startup, Shutdown, and Malfunction)	Proposed rule published. Waiting for issuance of final rule.	Would likely require Unit 7 & 8 be retrofitted to be able to light-off and startup the boiler with natural gas.	Possible minor issue relating to NOx
BACT (Best Available Control Technology)		Air quality control equipment contemplated for compliance with other rules still not BACT for SO2 and NOx.	Possible risk for NOx.
NAAQS (National Ambient Air Quality Standard)	Existing rule	No issues that would impact expected operations.	No issues that would impact expected operations.
PSD-NSR (Prevention of Significant Deterioration-New Source Review) – Construction Permitting from Iowa DNR	Existing rule.	<p>Permit(s) required for modifying the power plant related to the installation of three systems (DSI, PAC, and FF bag house).</p> <p>Detailed and complex analyses will be required to justify the case. Expect a long lead time to receive permit(s) from Iowa DNR.</p> <p>At risk for 3rd party intervention during mandatory public comment period.</p>	<p>Permit(s) required for modifying and converting the power plant from coal to natural gas.</p> <p>Analyses required by Iowa DNR should be minimal. Permit lead time should be normal.</p>

<p>NSPS (New Source Performance Standard)</p>	<p>Existing rule.</p>	<p>NSPS exclusion applies so long as the modifications cost less than 50% of the reconstruction costs. (Pollution controls are excluded from the calculation of the reconstruction costs.)</p>	<p>Unit 7 was originally designed to burn natural gas as a fuel (prior to 1971), so it is excluded.</p> <p>For Unit 8, NSPS exclusion applies so long as the modifications cost less than 50% of the reconstruction costs. (Pollution controls are excluded from the calculation of the reconstruction costs.)</p>
<p>GHG (Greenhouse Gas Regulations – CO2e)</p>	<p>Proposed regulations currently being written by EPA</p>	<p>83% greater GHG emissions as compared to natural gas.</p> <p>Proposed regulations regarding CO2 expected to be very challenging for existing coal-fired power plants. (Proposed rule expected June 2014.)</p>	<p>Significantly less GHG emissions as compared to coal.</p>
<p>Construction Permitting – Non Power Plant</p>		<p>None</p>	<p>None if tariff for natural gas can be reached with Alliant Energy.</p> <p>If COA determines to build its own supply line to serve the power plant, Iowa Utilities Board (IUB) franchise approval required, along with easement agreements with landowners along the route.</p>

3 rd Party Intervention		Likely. MEC and Alliant Energy already have signed consent decrees with a 3rd party environmental group.	Possible, but not likely.
Fuel Delivery		Customers served by the Alliant Energy-Williams Bulk Transfer facility in Williams, Iowa is shrinking. Alliant Energy's interest in operating the facility long-term is unknown. The captive customer price of a future contract for delivery of coal would be expected to escalate significantly. (The transition from our prior contract to the current contract, which commenced 1/1/2010, caused an immediate increase in the delivery charge of 50%.)	<p>Presently, the natural gas infrastructure at or close to the power plant cannot support the requirements of the City of Ames Steam Electric Plant (Units 7 & 8).</p> <p>There are two options to supply natural gas to the power plant:</p> <ul style="list-style-type: none"> a) negotiate with Alliant Energy for a long-term (10 years minimum) custom tariff rate to supply natural gas to the power plant which would include necessary infrastructure enhancements. b) tap the interstate high pressure natural gas pipeline near Story City and construct our own pipeline to serve the power plant in Ames.

Ash Disposal		Significant ash disposal issues and costs due to PM volume, plus collection of flyash with mercury and acids.	Some issues with disposing of RDF ash.
RDF Burning		No change in volume compared to current usage	13% reduction in amount of RDF the boilers would be able to consume compared to current usage. (Must retain capability to burn coal to remain as EGU, and not be regulated as CISWI unit.)
Employee Impact		Probable increase of full time equivalent (FTE) employees.	Probable decrease of full time equivalent (FTE) employees.
Political Acceptance – Public Support		Likely controversial due to the current political discourse regarding using coal as a power plant fuel.	Likely favorable

Engineering – Degree of Difficulty		Difficult due to the limited available space (footprint) to place equipment.	<p>Routing of gas piping inside the power plant will be difficult in order to avoid interferences with existing structures and equipment.</p> <p>If COA determines that building its own natural gas pipeline is the best option to serve the power plant with natural gas, engineering of (2) gas gates and 14 miles of pipeline will be time consuming to select the route, acquire easements, design the pipeline and the gates, and apply for and acquire permitting.</p>
Construction – Degree of Difficulty		Difficult construction due to very restricted access for cranes and other similar equipment. Cannot lift over or enter the right-of-way corridor of the Union Pacific RR.	<p>Construction inside the power plant will be challenging to route gas piping and other equipment to avoid interfering with existing equipment and structures.</p> <p>If necessary, construction of the 14 mile pipeline and (2) gas gates could be challenging due to the impact of weather, RR and road crossings, land easement issues, etc..</p>

Natural Gas vs. Coal

NATURAL GAS

Pros	Cons
<ul style="list-style-type: none"> • Regional gas is “plentiful” • Meets all known EPA environmental limits • Publicly more acceptable than coal • Minimal plant modification • Coal dust eliminated 	<ul style="list-style-type: none"> • Reduction in RDF burn capability (down 13%) • Sufficient gas delivery not available within Ames. • Will need major pipeline construction project in/around power plant <ul style="list-style-type: none"> ○ Build own pipe – large capital cost ○ Contract with Alliant – long term commitment • No real fuel diversification between COA plant and the energy market • Gas commodity price fluctuations (summer vs. winter) • Pres. Obama <i>“Natural Gas is an intermediate solution”</i>

COAL

Pros	Cons
<ul style="list-style-type: none"> • No change in ability to burn RDF • Provides an alternative fuel type to natural gas (gas will predominately set the market energy price.) • Stable coal price • No construction needed off plant site 	<ul style="list-style-type: none"> • Limited delivery options; captive to rail and unloading facility. Delivery cost increases • Appears public sentiment is increasingly against coal • Considerably more EPA rules to meet • Challenging permitting process • Will need considerable equipment installed at plant site • Coal-fired plant produces 83% more CO₂ than gas-fired plants. Pres. Obama <i>“40% of CO₂ comes from power plants. It's not right. It's not safe. It needs to stop.”</i>

Attachment 2

City of Ames

Alliant Energy Natural Gas Cashflow

Build City Owned Line

Year	Const. Contrib.	Operating Cost	Annual Total	Present Value	Debt Service*	Annual Operating*	Annual Total	Present Value
1	4,529,140	2,107,950	6,637,090	6,261,406	1,235,031	170,000	1,405,031	1,325,501
2	-	2,107,950	2,107,950	1,876,068	1,235,031	175,100	1,410,131	1,255,012
3	-	2,107,950	2,107,950	1,769,875	1,235,031	180,353	1,415,384	1,188,384
4	-	2,107,950	2,107,950	1,669,694	1,235,031	185,764	1,420,795	1,125,402
5	-	2,107,950	2,107,950	1,575,183	1,235,031	191,336	1,426,367	1,065,865
6	-	985,660	985,660	694,851	1,235,031	197,077	1,432,108	1,009,579
7	-	985,660	985,660	655,520	1,235,031	202,989	1,438,020	956,365
8	-	985,660	985,660	618,415	1,235,031	209,079	1,444,110	906,052
9	-	985,660	985,660	583,411	1,235,031	215,351	1,450,382	858,479
10	-	985,660	985,660	550,387	1,235,031	221,811	1,456,842	813,493
11	-	1,088,782	1,088,782	573,557	1,235,031	228,466	1,463,497	770,952
12	-	1,088,782	1,088,782	541,091	1,235,031	235,320	1,470,351	730,719
13	-	1,088,782	1,088,782	510,463	1,235,031	242,379	1,477,410	692,668
14	-	1,088,782	1,088,782	481,569	1,235,031	249,651	1,484,682	656,676
15	-	1,088,782	1,088,782	454,311	1,235,031	257,140	1,492,171	622,631
16	-	1,088,782	1,088,782	428,595	1,235,031	264,854	1,499,885	590,424
17	-	1,088,782	1,088,782	404,335	1,235,031	272,800	1,507,831	559,955
18	-	1,088,782	1,088,782	381,448	1,235,031	280,984	1,516,015	531,126
19	-	1,088,782	1,088,782	359,857	1,235,031	289,414	1,524,445	503,849
20	-	1,088,782	1,088,782	339,487	1,235,031	298,096	1,533,127	478,036
21	-	1,202,693	1,202,693	353,779	1,235,031	307,039	1,542,070	453,608
22	-	1,202,693	1,202,693	333,753	1,235,031	316,250	1,551,281	430,488
23	-	1,202,693	1,202,693	314,862	1,235,031	325,738	1,560,769	408,605
24	-	1,202,693	1,202,693	297,039	1,235,031	335,510	1,570,541	387,890
25	-	1,202,693	1,202,693	280,226	1,235,031	345,575	1,580,606	368,279
26	-	1,202,693	1,202,693	264,364	1,235,031	355,942	1,590,973	349,712
27	-	1,202,693	1,202,693	249,400	1,235,031	366,621	1,601,652	332,131
28	-	1,202,693	1,202,693	235,283	1,235,031	377,619	1,612,650	315,483
29	-	1,202,693	1,202,693	221,965	1,235,031	388,948	1,623,979	299,716
30	-	1,202,693	1,202,693	209,401	1,235,031	400,616	1,635,647	284,783
	4,529,140	38,382,794	42,911,934	23,489,595	37,050,930	8,087,821	45,138,751	20,271,864

Attachment 3

MAIN EXTENSION AND GAS TRANSPORTATION AGREEMENT

THIS MAIN EXTENSION AND GAS TRANSPORTATION AGREEMENT (hereinafter “Agreement”) is made by and between Interstate Power and Light Company, an Iowa business corporation having its principal place of business at 200 First Street SE, Cedar Rapids, Iowa (“Company”), and the City of Ames, Iowa, an Iowa municipal corporation having its principal place of business at 515 Clark Avenue, P.O.Box 811, Ames, Iowa 50010 (hereinafter “Customer”), as of the last date of execution by either party hereto (the “Effective Date”).

WITNESSETH:

WHEREAS, Company is engaged in the distribution and transportation of natural gas; and,

WHEREAS, Customer intends to purchase natural gas from a third-party supplier (“Customer’s Gas Supply”) and desires to have Company transport the natural gas from the Point of Receipt, as hereafter defined, to the Point of Delivery, as hereafter defined (“Transportation Service”); and,

WHEREAS, Company is willing to provide such Transportation Service to Customer; and,

WHEREAS, it is necessary that Additional Facilities, as defined in this Agreement, be constructed to allow for transport of Customer’s Gas Supply and Company is willing and able to construct such facilities under the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company and Customer agree as follows:

Article 1 Definitions

For purposes of this Agreement, unless the context hereof requires otherwise, the following definitions shall be applicable:

1.01 *Additional Facilities* are defined in Exhibit B.

1.02 *Board* means the Iowa Utilities Board, and any successor regulatory authority.

1.03 *Commencement Date* means a date not later than April 16, 2016, which date may be extended thirty (30) days by written notice delivered by either party prior to March 1, 2016, upon which Customer notifies Company that it is ready to begin receiving Customer’s Gas Supply through the Facilities and Company notifies Customer that it is ready to begin transporting such natural gas through the Facilities.

1.04 *Completion Date* means a date not later than April 16, 2016, which date may be extended thirty (30) days by written notice delivered by either party prior to March 1, 2016, upon which Company notifies Customer that the Facilities are substantially complete and ready for the transport of Customer’s Gas Supply to the Point of Delivery.

1.05 *Contract Year* means a twelve-month period. The first Contract Year shall commence on the Commencement Date unless the Commencement Date shall occur on a day other than the first day of

a month, in which event the first Contract Year shall be deemed to commence on the first day of the first full calendar month immediately following the Commencement Date.

1.06 *Contract Demand* means the daily and hourly volume of natural gas which Customer by this Agreement contracts to transport over the Facilities from the Point of Receipt to the Point(s) of Delivery, as set forth in Exhibit E to this Agreement.

1.07 *Contract Demand Rate* means that portion of the amount to be paid monthly by Customer for Transportation Service which is based upon the Customer's Contract Demand, as set forth in Exhibit E to this Agreement.

1.08 *Facilities* means the physical facilities necessary to provide Transportation Service from the Point of Receipt to the Point(s) of Delivery and shall include, but shall not be limited to, mains, service lines, customer regulators and metering equipment, pressure regulating stations, land rights, Northern Natural Gas Company ("NNG") facilities and other requisite facilities, including the *Additional Facilities*.

1.09 *Total Project Cost* means the total actual cost incurred by Company to construct the Additional Facilities, and shall include, but not be limited to, development costs, direct costs, loadings, overheads, taxes, allowance for funds used during construction, reimbursements to NNG for the benefit of Customer, right-of-way costs, excess costs and costs incurred as a result of change orders.

1.10 *Mscf* means one thousand standard cubic feet of natural gas.

1.11 *Point(s) of Delivery* means the outlet flange of the Facilities at a site on Customer's property to be mutually agreed by Customer and Company and any future Point(s) that may be added in accordance with Section 6.02 or Section 6.04 of this Agreement.

1.12 *Point of Receipt* means the point at which the facilities of the interstate pipeline transporting Customer's Gas Supply from the third-party supplier are connected with Company's facilities at the NNG gate station ("NNG Gate Station") in Hamilton County, Iowa.

1.13 *Psig* means pounds per square inch gauge.

1.14 *Tariff* means the Interstate Power and Light Company Original Gas Tariff No. 1, on file with the Board, as it currently exists or as it may be hereafter amended.

1.15 *Throughput Guarantee* means the amount of natural gas that Customer commits to transport through Company's Facilities on an annual basis, whether or not any such gas is actually sent through the Facilities, all as set forth in Exhibit E to this Agreement.

1.16 *Throughput Transportation Rate* means that portion of the amount to be paid monthly by Customer for Transportation Service which is based upon the total quantity of gas delivered to Customer at the Point(s) of Delivery, all as set forth in Exhibit E to this Agreement.

Article 2 **Basic Agreements**

2.01 Agreement to Construct Additional Facilities. Company agrees to construct the Additional Facilities pursuant to the terms and conditions of this Agreement and as generally described on Exhibit B attached hereto.

2.02 Agreement to Transport through the Facilities. During the term of this Agreement, Customer shall provide Customer's Gas Supply to Company for transport through the Facilities pursuant to the terms and conditions of this Agreement.

Article 3 **Extension – Acquisition of Right-of-Way**

3.01 Easement Acquisition and Terms. Company will, in its sole discretion, acquire such easements, rights-of-way, licenses, permits or deeds on or for property not owned by the Customer as reasonably necessary to construct, own, operate and maintain the Facilities. Company and Customer will negotiate regarding easements, rights-of-way, licenses or permits for Customer-owned property as reasonably necessary to construct, own, operate and maintain the Facilities, which easements shall be without cost to Company.

3.02 Grant of Easement by Customer. In addition to the easements and other rights provided to Company in the franchise granted to Company by Customer on September 22, 2009, Customer shall, subject to such approvals as may be required under applicable law and for no additional consideration other than as expressly set forth in this Agreement, grant to Company an easement in the form attached to this Agreement as Exhibit C, with rights of ingress and egress, across or through real property owned or controlled by Customer as Company determines to be necessary to provide Transportation Services to Customer under the terms of this Agreement.

Article 4 **Extension – Construction**

4.01 Standards. Company agrees to construct the Additional Facilities to accommodate the transportation of not less than **30,900** Mscf of natural gas per day, 1288 Mscf per hour, with a delivery pressure of **75** Psig at the Point of Delivery when received at the Point of Receipt with a pressure of **700** Psig or greater.

4.02 Customer Contribution. Customer's contribution to the Total Project Cost shall not exceed **\$4,529,140**, which amount shall be paid by Customer to Company in fifteen (15) equal installments of **\$301,942.67** each. The first such installment shall be payable on or before the twentieth (20th) day of the month following approval of this Agreement by Customer's City Council and on or before the twentieth (20th) day of each month thereafter until Customer's contribution to the Total Project Cost has been paid in full. On or before the first of each month thereafter, Company shall submit to Customer an Application for Payment filled out and signed by the Company, which application shall be in the amount of \$301,942.67 and shall include a statement by Company that the application is for payment toward the cost of the Facilities being constructed for delivery of natural gas to Customer. No further supporting documentation shall be required and payment shall be made in accordance with the above schedule. Company shall refund to Customer all of Customer's interruptible volume payments made at full Tariff prices pursuant to the Transportation Charges described in Exhibit "E" for natural gas delivered to Customer during the first five years of this Agreement. The aggregate amount of refund under this provision shall not exceed the amount of contribution paid by Customer to Company.

4.03 Substantial Completion. Subject to any extensions allowed by Article 13 of this Agreement, the Facilities shall be ready such that they are in service, operating according to the design specifications and available to transport natural gas to the Point of Delivery (collectively, "Substantial Completion") no later than the Completion Date.

Article 5
Extension – Operation and Maintenance of Facilities

5.01 Company Obligations – Interruptions. Company’s obligations with respect to service interruptions necessitated by operation and maintenance of the Facilities shall be governed by Company’s Tariff, “General Rules and Regulations” Sections 4.15, 4.16 and 4.17, as currently in effect or as hereafter amended.

5.02 Customer Equipment and Piping. The parties’ respective obligations with respect to installation and maintenance of any facilities and equipment located on Customer’s side of the Point of Delivery shall be governed by Company’s Tariff, “General Rules and Regulations” Section 4.06, as currently in effect or as hereafter amended.

Article 6
Extension – Addition of Loads

6.01 Maximum Design Capacity. The maximum design firm capacity of the Facilities shall be **30,900 Mscf per day, 1,288 Mscf per hour**.

6.02 Additional Generating Facilities. In the event Customer constructs and commissions any new electric generating facility, or contracts any new electric generating facility, any additional contribution in aid of construction required from Customer to extend transmission/distribution facilities to the new generation site will be calculated in accordance with Company’s Tariff, “General Rules and Regulation for Gas Service Extension Policy,” Section 11, as it currently exists or as it may be hereafter amended. Customer reserves the right to construct and own the pipeline from the Story County lateral to any such new electric generating facility.

6.03 Upgrades. Except as provided in Section 6.02 relating to additional generating facilities, in the event it becomes necessary, as mutually agreed by Customer and Company, to modify or upgrade the Facilities because of Customer’s need for an increase above 30,900 Mscf per day, Customer shall be responsible for all such costs and Company and Customer shall mutually agree on the manner and method of payment of the such costs as well as any associated increase in operational costs.

6.04 Additional Connections. Subject to Company’s obligations to meet Customer’s Contract Demand for the firm delivery of natural gas pursuant to this Agreement, Company shall have the right (but not the obligation) to connect other natural gas lines or mains to the Facilities and to transport natural gas through the Facilities for the benefit of third parties. During the term of this Agreement, and subject to the availability of capacity in the Facilities, Customer shall have the right to add any new city facility with a minimum hourly requirement of 40 Mscf, or such smaller amount as mutually agreed by Company and Customer, at the rates then in effect under this Agreement, provided the Customer’s new load is measured by a single meter and is directly connected to the Additional Facilities as depicted and described on Exhibits A and B.

6.05 Usage of Additional Facilities. During the term of this Agreement, Customer shall be entitled to transport up to 30,900 Mscf daily of Customer’s Gas Supply through the Additional Facilities pursuant to the terms and conditions of this Agreement. To the extent necessary and at its cost, Company shall construct pipeline to meet Customer’s demand during the term of this Agreement to transport up to 30,900 Mscf daily of Customer’s Gas Supply through the Additional Facilities.

6.06 Company Option to Bid on the Provision of Additional Services. In the event Customer’s needs for natural gas service exceeds the Contract Demand and pressure requirements contemplated by this Agreement, Company shall be given the opportunity to submit a response to all

requests for proposals to provide gas transportation and/or natural gas service to satisfy Customer's increased requirements.

Article 7

Transportation – Customer Procurement of Customer's Gas Supply

7.01 Customer Responsibilities. Customer shall be solely responsible for the procurement of Customer's Gas Supply, including without limitation, securing all contractual commitments with natural gas suppliers and obtaining all necessary governmental or other approvals necessary to ensure that the availability of Customer's Gas Supply for transport on the Facilities by Company throughout the term of this Agreement.

7.02 Nominations. Nominations shall be governed by Company's Tariff, "Gas Transportation General Terms and Conditions" Sections 1(ee) and 14, as currently in effect or as hereafter amended.

7.03 Customer Warranty of Title. Customer hereby warrants title to Customer's Gas Supply or the right to deliver the same for transportation. Customer further warrants that Customer's Gas Supply gas will be free and clear of all liens, claims and encumbrances. In the event any claim is asserted with respect to its ownership or title or taxes or fees applicable to any of Customer's Gas Supply, including, but not limited to, any claim for royalties, taxes, license fees, payments or other charges, Customer agrees to indemnify, defend, and hold harmless Company from and against any and all liabilities, damages, suits, debts, losses, costs, and expenses (including attorney's fees) arising out of or in connection with such claim, to the extent permitted under applicable state or federal laws. In the event that Customer fails or refuses to defend against any such claims, Company shall undertake such defense and Customer shall reimburse Company for the costs and fees (including attorney's fees) incurred by Company as a result of such defense, to the extent permitted under applicable state or federal laws.

7.04 Customer Option to Obtain Gas Supply from Company. At any time during or after the term of this Agreement, Customer may opt to obtain Customer's Gas Supply from Company, provided that Company is able to procure a sufficient gas supply from the pipeline company.

Article 8

Transportation – Transportation Service

8.01 Firm Transportation Service. Subject to the provisions of this Agreement and commencing upon the Commencement Date, Company shall provide Transportation Service, and Customer agrees to deliver, or cause to be delivered, natural gas to Company for redelivery, through the Facilities. Receipt and delivery of more than the Contract Demand of natural gas per day through the Facilities by Company is conditioned upon availability of capacity in the Facilities to provide such service, as determined by Company. Customer may increase the Contract Demand at any time during the course of this Agreement provided Company is not required to construct additional facilities to provide firm transportation service. The revised Contract Demand shall be priced pursuant to Section 9.01 of this Agreement and shall be subject to the terms of this Agreement.

8.02 Right to Comingle. Provided that Company requires all customers to comply with the obligations imposed upon Customer pursuant to Section 8.03 below, Company shall have the right to commingle Customer's Gas Supply with other natural gas in the Facilities, and to redeliver molecules of natural gas different from those actually received from Customer at the Point of Receipt.

8.03 Quality. Customer's Gas Supply shall be commercially clean and merchantable and shall be comparable in quality to and interchangeable with Company's own gas supply. Company reserves the right to refuse to accept Customer's Gas Supply that does not meet Company's quality specifications.

8.04 Risks. Exhibit D attached to this Agreement and by this reference made a part hereof identifies the risks to Customer associated with transportation of Customer's Gas Supply reasonably known to Company as of the Effective Date. Exhibit D is provided pursuant to the requirements of 199 Iowa Administrative Code § 19.13(6) as in effect on the Effective Date.

8.05 Metering. Transportation Service will be provided through a Company owned and maintained meter with telemetering or other automated meter reading capabilities installed. The parties will enter into a Gas Telemetering Data Agreement in the form attached hereto as Exhibit F. Customer shall provide, install and maintain a weatherproof dedicated two-way telephone line, electrical service and electrical outlet with appropriate grounding for telemetering equipment. If Customer fails to provide phone and/or electrical service that meet Company requirements, Company reserves the right to curtail or discontinue transporting the Customer Gas Supply. Any cost incurred by Company related to the failure of Customer to provide these services shall be billed to Customer.

8.06 Standards. The Transportation Service shall be supplied for Customer's use subject to Company's Tariff as currently in effect or as hereafter amended.

Article 9

General – Rates and Charges – Payment

9.01 Rates and Charges. In consideration of Company's construction of the Additional Facilities and for the transportation of Customer's Gas Supply from the Point of Receipt to the Point(s) of Delivery, Customer shall pay to Company the following rates and charges:

a. Customer Charge. Customer agrees to pay Company a monthly Customer Charge in the amount set forth in Company's Tariff, "Pipeline Corridor Transportation Service", as currently in effect or as hereafter amended. The first Customer Charge hereunder shall be assessed to Customer on the Commencement Date.

b. Transportation Charge. The Customer agrees to pay Company Transportation Charges calculated in accordance with Exhibit E attached to this Agreement and by this reference incorporated herein.

9.02 Throughput Guarantee. The Customer guarantees to annually transport the volume of natural gas identified on Exhibit E attached to this Agreement as the "Throughput Guarantee" and to pay Company the Throughput Transportation Rate for the Throughput Guarantee whether or not Customer actually moves that amount of natural gas through the Facilities.

9.03 Taxes. In addition to the Customer Charge, the Contract Demand Rate and the Throughput Transportation Rate, as impacted by the Throughput Guarantee, Customer agrees to pay to Company an amount equal to any and all applicable taxes and charges of any nature imposed upon Company for Customer's Gas Supply transported hereunder or as a result of such Transportation Service, including, but not limited to sales taxes, gross receipts taxes, franchise fees, and other similar taxes and charges, unless Customer is exempt from the payment of such taxes and fees under applicable law.

9.04 Billing; Payment. Billing and payment shall be made in accordance with Company's Tariff as it currently exists or as it may be hereafter amended.

Article 10
General – Default and Remedies

10.01 Customer Default. In addition to those events of default on the part of Customer specified elsewhere within this Agreement, the following shall be deemed to be events of default by Customer under this Agreement:

a. Customer shall fail to pay any valid invoice submitted to Customer pursuant to Article 10 of this Agreement, within thirty (30) calendar days after the same is due, and fails to cure such default within thirty (30) days following the receipt of written notice from Company specifying such default;

b. Customer shall in any way default under the terms of this Agreement and fail to cure such default within thirty (30) calendar days following the receipt of written notice from Company specifying such default; provided that if Customer has commenced actions to reasonably cure such default within said thirty (30) day period, Customer shall have reasonable and necessary time to complete such cure;

c. Customer shall file a petition in bankruptcy or be adjudged bankrupt or insolvent, or an order for relief shall be entered against Customer, under any applicable federal or state bankruptcy or insolvency law, or Customer shall admit that it cannot meet its financial obligations as they become due, or a receiver or trustee shall be appointed for all or substantially all of the assets of Customer; or

d. Customer shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors.

10.02 Company Default. In addition to those events of default on the part of Company specified elsewhere within this Agreement, the following shall be deemed to be events of default by Company under this Agreement:

a. Company shall in any way default under the terms of this Agreement and fail to cure such default within thirty (30) calendar days following the receipt of written notice from Customer specifying such default; provided that if Company has commenced actions to reasonably cure such default within said thirty (30) day period, Company shall have reasonable and necessary time to complete such cure;

b. Company shall file a petition in bankruptcy or be adjudged bankrupt or insolvent, or an order for relief shall be entered against Company, under any applicable federal or state bankruptcy or insolvency law, or Company shall admit that it cannot meet its financial obligations as they become due, or a receiver or trustee shall be appointed for all or substantially all of the assets of Company; or

c. Company shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors.

10.03 Remedies. In addition to any other contractual or legal remedies available to the non-defaulting party, upon the occurrence of an event of default by a party hereto, and the failure of the defaulting party to cure the default in the event that a right to cure is applicable under Section 10.01 or 10.02, the non-defaulting party shall be entitled to terminate this Agreement by written notice thereof to the other party, which notice shall specify a date, not less than thirty (30) calendar days after the date of the notice, upon which termination shall be effective.

10.04 Remedies Cumulative. All rights and remedies of either party under this Agreement, or existing at law or in equity, are cumulative and the exercise of any one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. Any termination of this Agreement shall not relieve Customer from paying any and all charges due hereunder to Company through and

including the date of termination, including all costs incurred by Company in construction of the Additional Facilities, including construction work in progress, as that term is defined by the Board, through the date of default. In the event this Agreement should be terminated by Company prior to the Commencement Date, and the aggregate amount of payments made by Customer pursuant to Section 4.02 of this Agreement should exceed Customer's share of the total costs incurred by Company in construction of the Additional Facilities through the date of such termination, including construction work in progress as that term is defined by the Board, the amount of such excess shall be refunded to Customer.

Article 11 Limitation of Liability

a. Company will use commercially reasonable efforts in the performance of this Agreement. **COMPANY SHALL NOT BE LIABLE TO THE CUSTOMER FOR ANY LOSS OR DAMAGES SUFFERED BY THE CUSTOMER, FOR ANY SERVICE INTERRUPTION, IRREGULARITIES OR ANY OTHER CAUSES OR ABNORMALITIES OR DELAYS, WHETHER BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. THE FOREGOING LIMIT OF LIABILITY SHALL NOT APPLY TO DAMAGES CAUSED SOLELY BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF COMPANY, SUCH DAMAGES BEING LIMITED TO ONE MILLION DOLLARS (\$1,000,000.00) in the aggregate.**

b. **IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE PERFORMANCE OF THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOSS OF POWER, LOSS OF PRODUCT OR LOSS OF REVENUES, WHETHER SUCH CLAIMS ARE BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.**

Article 12 General – Force Majeure

12.01 Effect of Company Force Majeure. In the event Company is rendered unable, by reason of any force majeure, to perform, wholly or in part, any obligation or commitment set forth in this Agreement, then upon giving notice and full particulars (including supporting documentation) of such event as soon as practicable after the occurrence thereof, the obligations of Company shall be suspended to the extent and for the period of such force majeure provided that Company shall attempt to remedy the same as soon as possible using all reasonable efforts; provided, however, that if any force majeure event results in an inability on the part of Company to deliver Customer's Gas Supply for a period of [the City should choose a number as long as it is at least 30 and no more than 180] days or more (the "Suspension Period"), then the Customer Charge and Throughput Guarantee shall be adjusted on a pro-rata basis. Rates and other terms applicable to the initial five-year term of this Agreement shall continue to apply after the expiration of five years for a period of time equal to the aggregate of all such Suspension Periods.

12.02 Effect of Customer Force Majeure. In the event Customer is rendered unable, by reason of any force majeure, to operate two or more of its largest electric generating units for a period of [the City can choose a number as long as it is at least 90 and no more than 180] days or more, then upon giving notice and full particulars (including supporting documentation) of such event as soon as practicable after the occurrence thereof, the obligations of Customer shall be suspended to the extent and for the period of such force majeure provided that Customer shall attempt to remedy the same as soon as possible using all reasonable efforts.

12.03 Definition. The term force majeure as employed in this Agreement means acts of God, strikes, lockouts or industrial disputes or disturbances, civil disturbances, arrest and restraint of rulers or people, interruptions by government or court orders, necessity for compliance with present and future valid orders of court (which have been resisted in good faith by reasonable legal means), or any law, statute, ordinance or regulation promulgated by any governmental or regulatory authority having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure materials by reason of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, inclement weather which necessitates extraordinary measures under the circumstances to construct facilities and/or maintain operations, explosions, partial or entire failure of natural gas supply, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, the shutting in of facilities for the making of repairs, alterations or maintenance to wells, pipelines or plants, or any other cause whether of the kind herein enumerated or otherwise, not reasonably within the control of Customer or Company, as the case may be, and which by exercise of reasonable diligence Customer or Company, as the case may be, is unable to overcome. Force majeure events are limited to events beyond a party's reasonable ability to control or avoid. Force majeure events do not include such items as: (1) equipment failures resulting from improper or negligent operations or maintenance, (2) ordinances, regulations, corporate rules or policies, etc., that are enacted or approved by a party or legislation or administrative actions and court rulings that are in any way supported or acquiesced in by a party, (3) adverse consequences resulting from a party's failure to take reasonable steps to operate and maintain the buildings housing its equipment, (4) failure to enter into commercial agreements to obtain gas or necessary equipment and supplies, etc. Force majeure events cannot result from a party's own negligent or purposeful actions or inactions.

Article 13

General – Term

13.01 Initial Term. This Agreement shall become effective upon execution by both parties and shall continue in full force and effect for a primary term of ten (10) Contract Years from and after the Commencement Date.

13.02 Customer's Right to Extend. Customer may, by notice given to Company not later than ninety (90) days prior to the end of the applicable term, extend the term of this Agreement for one (1) additional ten (10)-year term (Contract Years 11-20). Customer may, by notice given to Company not later than ninety (90) days prior to the end of the applicable term, extend the term of this Agreement up to two (2) additional five (5)-year terms (Contract Years 21-25 and 26-30). Notwithstanding the above, Customer's right to extend the term of this Agreement beyond twenty (20) years shall be subject to Company's determination that there have been no new or revised statutes, ordinances, rules, regulations or orders of the Board since the Commencement Date that, singly or collectively, substantially and adversely affect Company's obligations or benefits under this Agreement.

13.03 Rates and Charges. Rates and charges for the terms of this Agreement shall be in accordance with Article IX and Exhibit E of this Agreement.

Article 14

General – Governmental Regulations

14.01 Agreement Subject To Regulation. This Agreement is subject to (i) all applicable and valid statutes, ordinances, rules, regulations, and orders of the Board and any other federal, state or local governmental authority having jurisdiction over either of the parties, their facilities, or the subject matter

of this Agreement and (ii) the provisions of applicable tariffs and franchises, except to the extent inconsistent with this Agreement, as approved by the Board.

14.02 Approval Obligations; Effect of Failure to Approve or Unsatisfactory Approval. To the extent any consent or approval of the Board is required with respect to this Agreement or the undertakings hereunder, Company shall be solely responsible for obtaining the same, save and except that Customer shall provide all assistance reasonably requested of it by Company. If the Board issues a decision disapproving this Agreement within sixty (60) days of the date of submission of the Agreement to the Board, which decision relates to the terms of Section 4.02 of this Agreement, Customer may terminate this Agreement upon written notice delivered to Company within ten (10) days of the date of the Board's decision. If Board approval for the construction and installation of the Facilities has not been obtained within a time period which Company in its sole discretion determines to be sufficient to enable it to achieve Substantial Completion by the Completion Date, then it shall promptly so advise Customer in writing. In such event, either party hereto may terminate this Agreement upon thirty (30) days written notice to the other. In the event that any Board approval includes conditions unacceptable to Company in its sole discretion, Company and Customer shall modify this Agreement as necessary to satisfy Company's concerns. In the event that Company and Customer are unable to reach agreement on such modification, Company may terminate this Agreement.

Article 15

General – Assignment

15.01 Company Assignment. This Agreement and Company's rights and obligations hereunder shall be assignable by Company, so long as any assignee assumes in writing Company's obligations under this Agreement, without the consent of Customer. Company shall give Customer prior written notice of any assignment by Company. Assignment by Company shall not relieve Company of its obligations under this Agreement incurred prior to assignment.

15.02 Customer Assignment. This Agreement may be assigned, in whole or in part, by Customer to any assignee with the written consent of Company, so long as any assignee assumes in writing Customer's obligations under this Agreement. Customer shall give Company prior written notice of any assignment by Customer. Assignment by Customer shall not relieve Customer of its obligations under this Agreement incurred prior to assignment.

Article 16

Representations and Warranties

16.01 Customer Representations and Warranties. Customer represents, warrants and agrees as follows:

- a. Customer is a municipal corporation duly organized and validly existing in good standing under the laws of the State of Iowa and has the power to carry on its business as now being conducted.
- b. Applicable laws and regulations permit Customer to authorize the execution, delivery and performance of this Agreement and proper action has been taken by Customer to authorize the execution, delivery and performance of this Agreement.
- c. Customer is not subject to any charter, bylaw, mortgage, lien, lease, agreement, instrument, order, judgment or decree, or any other restriction of any kind or character that would prevent the execution of this Agreement.

d. During the term of this Agreement, Customer shall not sell or resell to any person or persons any natural gas transported to Customer by Company pursuant to this Agreement.

16.02 Company Representations and Warranties. Company represents, warrants and agrees as follows:

a. Company is a corporation duly organized and validly existing in good standing under the laws of the State of Iowa and has the corporate power to own its property and carry on its business as now being conducted.

b. Proper corporate authority from the Board of Directors of Company exists to authorize the execution, delivery and performance of this Agreement.

c. Company is not subject to any charter, bylaw, mortgage, lien, lease, agreement, instrument, order, judgment or decree, or any other restriction of any kind or character that would prevent the execution of this Agreement.

Article 17
Miscellaneous

17.01 Applicable Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa without giving effect to the conflict of laws thereof, except to the extent local or federal law governs any of the rights or obligations of the parties hereto. Venue for any action arising under or relating to this Agreement shall be brought in the United States District Court for the Northern District of Iowa, unless the Attorney General for the State of Iowa prohibits Customer from agreeing to such venue, in which case venue may be laid in any court within the State of Iowa having jurisdiction.

17.02 Binding Effect. All covenants and agreements herein contained shall be extended to and be binding upon the successors and assigns of the parties hereto.

17.03 Notices. Any notice provided for in this Agreement, unless specifically provided otherwise herein, shall be in writing and shall be considered as having been given if mailed by registered or certified mail, postage prepaid to:

If to Company:

Alliant Energy — Ames Operating Office
1284 XE Place
Ames, Iowa 50014

Attention: Key Account Manager

With a copy to:

Alliant Energy
200 First Street SE
Cedar Rapids, Iowa 52401

Attention: Senior Attorney

If to Customer:

City of Ames
515 Clark Avenue
Ames, Iowa 50010

Attention: Director, Electric Services

With a copy to:

City Attorney
City of Ames
515 Clark Avenue
Ames, Iowa 50010

Either party to this Agreement may change the address for such party's receipt of any notice required by this Agreement by giving written notice thereof to the other party in accordance with the requirements of this Section.

17.04 Amendment; Modification. This Agreement may only be amended or modified by written instrument executed by both parties to this Agreement.

17.05 Headings/Context. The headings used in this Agreement are used for administrative purposes only and do not constitute substantive matters to be considered in construing the terms of this Agreement. Whenever the context requires, all singular words shall include the plural, and vice versa.

17.06 Final Agreement. This Agreement supersedes any prior understandings or oral agreements between the parties with respect to the subject matter hereof and constitutes the entire understanding and agreement between the parties as to said subject matter.

17.07 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and in the aggregate shall constitute one agreement.

17.08 Blue Pencil Provision. If any provision contained in this Agreement is held to be invalid, illegal or unenforceable in any respect, that invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in it.

17.09 Costs and Attorney Fees. In the event any action is initiated by any party to this Agreement relating to this Agreement or its subject matter, the party prevailing in that action shall be entitled to recover, in addition to all damages allowed by law and other relief, all court costs and reasonable attorneys' fees incurred in connection with the action, unless such payment is prohibited by applicable law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year last written below.

INTERSTATE POWER AND LIGHT COMPANY

By: _____
Douglas R. Kopp
President

Date: _____

CITY OF AMES, IOWA

By: _____
Ann Campbell
Mayor

Date: _____

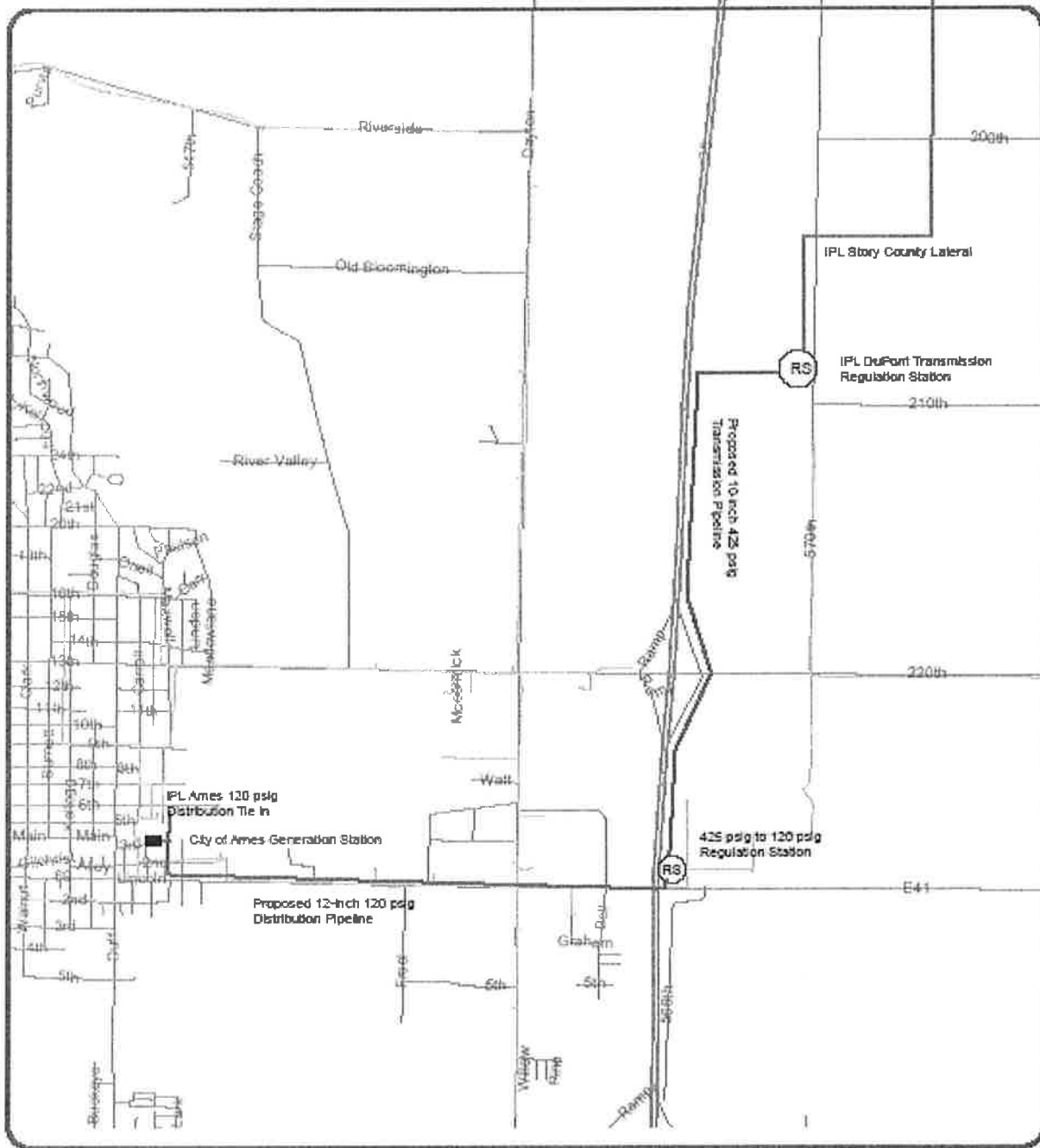
Attest: _____
Diane Voss
City Clerk

Date: _____

****Signature Page to Main Extension and Gas Transportation Agreement****

EXHIBIT A DEPICTION OF THE PROPERTY

Alliant Energy (Alliant) and Wisconsin Power and Light Company (WPL) both Alliant Energy utility companies as defined herein (referred to as the Utilities) assume no liability and make no warranty or representation whatsoever as to the accuracy or completeness of the information contained on this map. Any data provided is for general information only and any use of this data is at your own risk. Any intention to excavate requires compliance with state law including contacting the appropriate one call notification center. Prior to excavation, the actual physical location of buried facilities must be determined pursuant to the requirements of applicable law. This map constitutes limited protected nonpublic data that is confidential and proprietary to the Utilities. By one of the Utilities issuing you a copy of this map, you are deemed to have agreed to treat this information as confidential and to use and disclose it only for the specific project identified in your request for the map and as further restricted below. (If you disagree, please destroy this map and inform the Alliant Energy representative that sent it to you that you cannot comply, that your copy has been removed from all storage mechanisms, and that you will not further use this map.) This map may only be copied or reproduced for internal use by the Utilities or copied, reproduced, or disclosed by you subject to the terms of a non-disclosure or confidentiality agreement between you or organization and those to whom you intend to disclose such information for a specific project, whereby the potential recipients agree to use this map only for the specific project identified in the request for the map and to treat this map as the Utilities' confidential and proprietary information restricted from further use, copying or disclosure indefinitely. Any other use, copying or reproduction is strictly forbidden.



City of Ames Generation Station Proposed Pipeline Project



Classification: Confidential CEII

1:32,760

Alliant Energy Confidential



EXHIBIT B
DESCRIPTION OF THE PROJECT
(The Project is depicted on the map attached hereto)

CUSTOMER REQUIREMENTS:

- Initial Contract Demand - **19,000** Mscf per day; **791** Mscf per hour; delivery pressure **75** psig at the Point of Delivery
- This Agreement provides Customer the ability to run generating units 7 and 8 at any time. In the event Customer constructs and commissions a new electric generating facility, Company will deliver natural gas to the new generating facility pursuant to Section 6.04 of this Agreement during the remaining term of this Agreement if the following conditions are met: (i) the parties mutually agree to a revised Contract Demand and (ii) capacity is available in the existing Facilities.

NNG TAP SITE/INTERCONNECTION:

NNG will provide engineering, design and construction for all necessary components to interconnect with IPL. NNG metering station will include; two pipeline taps to allow for redundant feeding to the metering station, a ten-inch ultrasonic meter and piping without flow control. NNG will also provide the land for the metering station, EFM, commercial power, and meter buildings. The proposed location for the NNG tap is east of US Interstate 35 in Section 31, T-86N, R-23W, Hamilton County, IA.

IPL DuPONT TRANSMISSION REGULATOR STATION:

- Interconnect with IPL Story County Lateral System at the IPL DuPont Transmission Regulator Station.
 - Pig Launching Facility
 - Pressure Regulating Station
 - Valving
 - Pipeline Heating Facility

ADDITIONAL FACILITIES:

TRANSMISSION PIPELINE

- Approximately 2.25 miles of ten-inch transmission pipeline operating at approximately 425 psig, route to be determined;
- Pressure regulating station and ancillary facilities, location to be determined;

HIGH PRESSURE DISTRIBUTION SYSTEM

- Approximately 2.25 miles of twelve-inch high pressure distribution pipeline operated at 120 psig, to be interconnected with the Ames high pressure distribution system and connecting to the City of Ames power plant, route to be determined.

SERVICE AND METERING FACILITIES:

- IPL to provide service line and metering facility.

- Service and metering location to be mutually agreed upon by IPL and Customer.
- Customer will be responsible for connection at the outlet of IPL's metering facility.

PROJECT SCHEDULE:

- To Be Determined
 - Driven by contract execution.

SEE MAP, EXHIBIT A

**EXHIBIT C
FORM OF EASEMENT**

**Prepared By: Interstate Power and Light Company — PO Box 351 - Cedar Rapids,
IA 52406 (319) 786-
Return To: Interstate Power and Light Company — PO Box 351 - Cedar Rapids,
IA 52406 (319) 786-**

SAVE ABOVE THIS LINE FOR
RECORDER

**GAS PIPELINE EASEMENT
(IPL, as Grantee)**

For and in consideration of the sum of One Dollar (\$1.00) and other valuable consideration, the receipt of which is hereby acknowledged, _____ (“Grantor(s)”),
ADDRESS _____

_____ do(es) hereby warrant and convey unto Interstate Power and Light Company, an Iowa Corporation, its successor and assigns, (“Grantee”), a perpetual easement with the right, privilege and authority to construct, reconstruct, maintain, operate, repair, patrol and remove a pipeline or lines for the transportation and distribution of gas, steam and other substances, consisting of necessary fixtures, equipment and for communication and electrical controls, including the necessary appurtenances under and on the surface of the ground used or useful for all Corporate purposes, together with the power to extend to any other party the right to use, jointly with the Grantee and pursuant to the provisions hereof, upon, under, over and across the following described lands located in the County of _____, and the State of Iowa:

together with all the rights and privileges for the full enjoyment or use thereof for the aforesaid purpose.

Grantor(s) agrees that it will not construct or place any buildings, structures, plants or other obstructions on the property described above.

Grantor(s) also conveys the right and privilege to trim, cut down or control the growth of any trees or other vegetation on said described land and such other trees and vegetation adjacent thereto as in the judgment of the Grantee may interfere with construction, reconstruction, maintenance, operation, repair or the use thereof.

Grantee, its contractor or agent, may enter said premises for the purpose of making surveys and preliminary estimates immediately upon the execution of this easement.

The Grantor(s) also grants to the Grantee the right of ingress and egress to said line or lines, over/under lands now owned by the Grantor(s), for the purpose of constructing, reconstructing, maintaining, operating, patrolling, repairing and removing said line or lines, and the Grantee agrees to pay to the Grantor(s) or its tenants all damages done to the lands (except the cutting and trimming of trees or other vegetation), including crops, field tiles, terraces, fences, equipment or livestock of the Grantor(s) or its tenants, by the Grantee or its employees while constructing, reconstructing, patrolling or repairing said line or lines.

Signed this _____ day of _____, 20____.

GRANTOR(S)

By: _____

By: _____

ALL PURPOSE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) ss:

On this _____ day of _____, AD. 20____,
before me, the undersigned, a Notary Public in and for
said State, personally appeared

_____ to me personally known
or _____ provided to me on the basis of
satisfactory _____
evidence

**to be the persons(s) whose name(s) is/are subscribed
to the within instrument and acknowledged to me
that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted,
executed the instrument.**

NOTARY SEAL _____
(Sign in Ink)

(Print/type name)

Notary Public in and for the State of _____

CAPACITY CLAIMED BY SIGNER

_____ INDIVIDUAL
_____ CORPORATE
Title(s) of Corporate Officers(s):

_____ N/A
_____ Corporate Seal is affixed
_____ No Corporate Seal procured

_____ PARTNER(s)
_____ Limited Partnership
_____ General Partnership

_____ ATTORNEY-IN-FACT
_____ EXECUTOR(s),
_____ ADMINISTRATOR(s),
_____ or TRUSTEE(s)
_____ GUARDIAN(s)
_____ or CONSERVATOR(s)
_____ OTHER

SIGNER IS REPRESENTING:
List name(s) of persons(s) or entity(ies):

EXHIBIT D
RISKS OF GAS TRANSPORTATION

Pursuant to 199 Iowa Administrative Code 19.13(6), Company hereby notifies Customer of the risks to Customer associated with transportation of Customer's Gas Supply. The risks disclosed are those reasonably known to Company at the time this Agreement is executed by Company. Customer is assumed by Company to be aware of all risks associated with Customer's purchase and transportation of gas prior to its delivery to Company at the Point of Receipt. This notice shall not be construed as limiting in any manner the risks assumed by Customer upon entering into the Agreement. By signing the Agreement, Customer acknowledges that it has been made aware of the risks disclosed and accepts those risks.

The risks associated of election without Company-supplied reserve are as follows:

- a. During the term of this Agreement, Company has no obligation to maintain or secure any gas to sell to Customer for reserve or any other purpose.
- b. If, at any time, Customer desires to purchase gas service from Company, other than the services set forth in the Agreement, Company shall only be obligated to provide such gas on an as-available basis pursuant to Company's Tariff on file with the Board.
- c. Customer will be liable to Company for pipeline penalties which Company may incur as a result of incorrect, improper, or late transportation nominations provided to Company. Such penalties also apply to Customer's failure to properly nominate Company supplied reserves. Company reserves the right to reject improper nominations or those not made in a timely manner.
- d. If Customer uses gas from Company supplies in excess of the quantity of Customer's Gas Supply transported, the gas will be provided only on an as-available basis and subject to penalty provisions, except where Customer has received prior written authorization from Company for limited excess use to be billed under Company's Tariff.
- e. Upon termination of the Agreement, Company shall have no obligation to sell gas to Customer. The right of Customer to buy gas or obtain transportation of Customer's Gas Supply from Company after termination of this Agreement shall be dependent on Company having or being able to secure adequate distribution capacity or supply at that time. The gas and the transportation of Customer's Gas Supply shall be provided in accordance with Company's Tariff.
- f. Other risks not specifically identified in this Exhibit D may arise from other provisions of the Agreement, Company's Tariff, and rules, regulations or orders of regulatory authorities.

EXHIBIT E
TRANSPORTATION CHARGES

Pursuant to Section 9.01 of the Agreement, for all firm volumes of natural gas transported through the Facilities for Customer by Company during each month of the term of this Agreement, Customer agrees to pay to Company, in addition to any applicable Customer Charge, Transportation Charges comprised of the Contract Demand Rate (“CDR”) and Throughput Transportation Rate (“TR”) as shown below. Any actual consumption above the Customer’s daily Contract Demand will be interruptible and the Transportation Charge for the quantities that exceed the daily Contract Demand will be calculated using the Contract Demand Rate plus the Throughput Transportation Rate (“TR”), as long as the daily total actual consumption does not exceed 110% of the daily Contract Demand. For all consumption in excess of 110% of the Customer’s daily Contract Demand, the Transportation Charge will be calculated using the Tariff prices as reflected in the applicable Transportation of Customer-Owned Gas rate schedule.

Company shall notify Customer when, at any time during the first ten years of the Agreement, the estimated capacity of the Facilities in excess of the Contract Demand is 12,000 dekatherms per day or less.

Contract Years 1 through 5:

Contract Demand Rate: For the initial five-year term of the Agreement, the Contract Demand Rate (“CDR”) shall be \$ **6.90** per dekatherm of Contract Demand. The Contract Demand is **19,000** dekatherms per day.

Throughput Transportation Rate: For the initial five-year term of the Agreement, the Throughput Transportation Rate (“TR”) shall be \$ **0.1725** per dekatherm of natural gas delivered, and Customer shall guarantee delivery on an annual basis of **3,100,000** dekatherms (the “**Throughput Guarantee**”). At the end of each Contract Year, Company shall compare actual volumes delivered to the annual Throughput Guarantee. In the event Customer has delivered less than the annual Throughput Guarantee, Company will bill Customer for the annual throughput deficit in the month following based on the prior year’s Throughput Transportation Rate. In the event Customer notifies Company that it is not ready and able to accept the Transportation Service from the Company on the Commencement Date, Company agrees to delay implementation of the Throughput Guarantee until November 1, 2016, or such earlier date as Customer is prepared to accept the Transportation Service. Customer’s obligations under the Throughput Guarantee and the TR shall be extended beyond Contract Year 5, and again beyond Contract Year 10, by the amount of time of any such delay.

Contract Years 6 through 10:

For Contract Years 6 through 10:

The CDR shall be \$**3.20** per dekatherm of Contract Demand.

The TR shall be \$ **0.08026** per dekatherm of natural gas delivered.

The Throughput Guarantee for years 6 through 10 shall be the same as in year 5. During this period and with the prior consent of Company, which shall not be unreasonably withheld, Customer shall be entitled to transfer a portion of its Throughput Guarantee to one of the following entities, or to the successor of one of the following entities: E.I. du Pont de Nemours and Company; Iowa State University of Science and Technology; or Lincolnway Energy, LLC. Company’s consent to any such transfer shall be conditioned upon the agreement of the transferee entity that: (i) the amount of the transferred Throughput Guarantee shall be in addition to the amount of throughput guarantee for which the transferee

entity is obligated to Company immediately prior to accepting such transfer and (ii) the transfer and increase in the transferee entity's throughput obligation shall be effective for a minimum period of six months. The Customer's Throughput Guarantee shall be decreased only during the effective time of any such transfer and only by the additional amount of throughput guarantee to which the transferee entity becomes obligated during such period.

Contract Years 11 through 20:

For Contract Years 11 through 20, if applicable, the Transportation Charges (i.e., CDR and TR) shall be the same as for Contract Years 6 through 10, provided, however, that Company shall have the right after the tenth year of the Agreement to adjust the CDR and the TR based upon the percentage change in the Large General Service Transportation Rate (i.e., over 200 dekatherms per day rate) found in the Tariff for Transportation of Customer Owned Gas, which is currently \$0.7554 per dekatherm, as such may be hereafter amended.

Contract Years 21 through 25:

For Contract Years 21 through 25, if applicable, the Transportation Charges (i.e., CDR and TR) shall be the same as for Contract Years 11 through 20, provided, however, that Company shall have the right to adjust the CDR and the TR based upon the percentage change in the Large General Service Transportation Rate (i.e., over 200 dekatherms per day rate) found in the Tariff for Transportation of Customer Owned Gas, which is currently \$0.7554 per dekatherm, as such may be hereafter amended.

Contract Years 26 through 30:

For Contract Years 26 through 30, if applicable, the Transportation Charges (i.e., CDR and TR) shall be the same as for Contract Years 21 through 25, provided, however, that Company shall have the right to adjust the CDR and the TR based upon the percentage change in the Large General Service Transportation Rate (i.e., over 200 dekatherms per day rate) found in the Tariff for Transportation of Customer Owned Gas, which is currently \$0.7554 per dekatherm, as such may be hereafter amended.

Other Adjustments:

After the conclusion of the initial ten-year term of the Agreement, the Customer shall have the option to adjust its daily Contract Demand annually to coincide with the Contract Year. In the event the Customer elects to so reduce its annual daily Contract Demand, the Customer may thereafter increase its daily Contract Demand only on the condition that Company has the capacity available to accommodate the increased daily Contract Demand; *provided however*, that Company shall be under no obligation to reserve additional capacity over and above the Customer's daily Contract Demand, as it may have been reduced pursuant to this provision. In the absence of any such adjustments, the daily Contract Demand will remain at 19,000 dekatherms for Contract Years 11 and beyond.

This Agreement provides Customer the ability to run generating units 7 and 8 at any time. In the event Customer constructs and commissions a new electric generating facility, assuming the parties mutually agree to a revised Contract Demand and capacity is available in the Facilities, Company will deliver natural gas to the new facility pursuant to Section 6.04 of this Agreement during the remaining term of this Agreement.

EXHIBIT F
FORM OF GAS TELEMETERING DATA AGREEMENT

GAS TELEMETERING DATA AGREEMENT

This Gas Telemetering Data Agreement ("Data Agreement") is entered into this ____ day of _____, 20__ between Interstate Power and Light Company, an Iowa corporation headquartered at 200 First Street SE, Cedar Rapids, Iowa ("Company"), and _____ a _____ with principal offices at _____ ("Customer"). Customer and Company are referred to jointly herein as "Parties" or individually as "Party."

WHEREAS, Company owns and operates a gas telemetering computer system and data equipment ("System") which compiles data on a daily basis concerning natural gas usage by Customer; and

WHEREAS, Customer is interested in obtaining data relating to Customer's daily natural gas usage from the System; and

WHEREAS, Company is willing to grant Customer this data in accordance with the following terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements contained herein, the Parties agree as follows:

1. TERM. This Data Agreement shall become effective as of _____, and shall remain in force until terminated by either Party giving the other not less than thirty (30) days prior written notice of termination.

2. SERVICES. Company will make the usage data available to Customer upon execution of this Data Agreement. Customer may designate in writing to Company an authorized agent or agents to receive the Customer's natural gas usage information. Said agents will be required to sign a Gas Telemetering Data Agreement.

Customer will provide all computer hardware and software necessary to receive this usage information from the System.

3. PROPRIETARY RIGHTS. Customer acknowledges that the System is proprietary to Company and Company retains all rights and ownership in the System and all output therefrom. Customer acknowledges that Customer will pay for all installation costs, monthly wireless phone charges and any time or materials needed for any trouble shooting or repairs going forward.

4. WARRANTY.

a. The Parties agree that Company has made reasonable efforts to ensure that the usage data provided through the System is accurate and complete. However, Customer

acknowledges that, as with any electronic system, the System is subject to interruptions, failures and data corruption. Customer acknowledges that Company is not responsible for the adequacy or accuracy of the data or for any interruption or failures of the System.

b. COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE ADEQUACY OR ACCURACY OF THE DATA, OR THE CONDITION OR PERFORMANCE OF THE EQUIPMENT OR FACILITIES WHICH SUPPORT THE SYSTEM AND SPECIFICALLY DISCLAIMS ANY AND ALL SUCH REPRESENTATIONS AND WARRANTIES, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5. **LIMITATION OF LIABILITY.**

a. Customer agrees to indemnify, hold harmless and defend Company, and its employees and agents, from and against any and all liabilities, claims, penalties, demands, fines, forfeitures, losses, suits, causes of action, and the costs, damages, losses, and expenses incident thereto (including, without limitation, cost of defense, settlement and reasonable attorneys' fees) and all other liabilities of any nature whatsoever, which Company, or its employees and agents, may incur, become responsible for or pay out, arising directly or indirectly from Customer's use of data provided by the System.

b. IN NO EVENT, WHETHER BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE SHALL COMPANY BE LIABLE TO THE CUSTOMER FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE CUSTOMER'S USE OF THE DATA, INCLUDING BUT NOT LIMITED TO, LOST PROFITS OR REVENUES, DAMAGE TO COMPUTER HARDWARE OR SOFTWARE, LOSS OF DATA, OR CLAIMS OF THIRD PARTIES.

6. **SUCCESSORS AND ASSIGNS.** This Data Agreement shall be binding upon and inure to the benefits of the Parties hereto, their successors and assigns. Customer shall not assign this Data Agreement except upon the written consent of Company, which such consent shall not be unreasonably withheld.

7. **AMENDMENTS.** This Data Agreement may only be amended by a written amendment executed by both Parties.

8. **GOVERNING LAW.** The laws of the state of Iowa (without regard to its conflicts of laws principles) will govern claims or disputes arising out of or related to this Data Agreement. Venue shall lie in Linn County, Iowa. Any dispute not settled by the management of the Parties shall be settled by arbitration in accordance with Iowa Code Chapter 679A.

9. **SAVINGS CLAUSE/INDEPENDENT TERMS.** Each term and condition of this Data Agreement is deemed to have independent effect and the invalidity of any partial or whole paragraph or section will not invalidate the remaining paragraphs or sections.

10. NONWAIVER. The failure of a Party to insist on or enforce, in any instance, strict performance by the other Party of any of the terms of this Data Agreement or to exercise any rights herein conferred will not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such terms or rights on any future occasion.

11. SURVIVAL. The clauses of this Data Agreement which are, by their nature, intended to survive termination of this Data Agreement shall survive, notwithstanding any termination of this Data Agreement, including but not limited to Articles 3, 4 and 5.

12. HEADINGS. The section headings hereof are for convenience of reference only and shall not be treated as part of this Data Agreement or as affecting the true meaning of the provisions herein.

13. COUNTERPARTS AND ADMISSIBILITY OF ELECTRONIC (PDF) COPIES. This Data Agreement and any schedules appended hereto may be executed in counterparts, each of which when executed by the requisite Parties shall be deemed to be a complete original Data Agreement. An electronic (PDF) or facsimile copy of the executed Data Agreement or counterpart shall be deemed, and shall have the same legal force and effect as, an original document.

This Data Agreement shall not be deemed to modify or amend any service. In witness whereof, the Parties hereunder have caused these presents to be executed as of the day and year first above written.

Interstate Power and Light Company (Company)

By: _____
Title: _____
Name: _____

(Customer)

By: _____
Title: _____
Name: _____