

**PJM Interconnection, L.L.C.  
Docket Nos. EL05-148-000 and  
ER05-1410-000  
June 22, 2006**

**Attachment B**

**Follow-Up Affidavit of  
Raymond M. Pasteris  
On Behalf Of  
PJM Interconnection, L.L.C.  
On Technical Conference Issues**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.                     )       Docket Nos. ER05-1410-000  
   )                                   and EL05-148-000

**FOLLOW-UP AFFIDAVIT OF RAYMOND M. PASTERIS  
ON BEHALF OF  
PJM INTERCONNECTION, L.L.C.  
ON TECHNICAL CONFERENCE ISSUES**

1           I, Raymond M. Pasteris, being duly sworn, depose and state as follows:

2           I previously submitted affidavits in this proceeding on August 31, 2005 and May  
3 30, 2006 on behalf of PJM Interconnection, L.L.C. ("PJM"), and was a panelist at the  
4 Commission's June 7, 2006 Technical Conference in this proceeding, where I addressed  
5 the estimated Cost of New Entry ("CONE") for a representative new combustion turbine  
6 plant in the PJM region.

7           During the Technical Conference, I mentioned the recently constructed  
8 Sheboygan Falls Energy Facility as an operating project which is essentially the PJM  
9 CONE power plant. The project incorporates two GE Frame 7FA combustion turbines in  
10 simple cycle configuration the same as the PJM CONE. The Sheboygan Falls Energy  
11 Facility design differs from the PJM CONE plant only in that it does not include turbine  
12 inlet air cooling, oil firing capability and Selective Catalytic Reduction ("SCR") for  
13 further NO<sub>x</sub> reduction beyond the controls on the combustion turbine. The plant is  
14 natural gas only with dry low NO<sub>x</sub> ("DLN") burners for NO<sub>x</sub> reduction to 9.0 PPM. SCR  
15 NO<sub>x</sub> control technology was not required by state environmental regulators for this site.  
16 Because the plant does not include turbine inlet air cooling it is rated at 300 MW versus  
17 the PJM CONE plant rating of 336.1 MW. The project began commercial operation in  
18 June of 2005.

19           The initial development of the Sheboygan Falls Energy Facility was undertaken  
20 by Burns and McDonnell, a power plant engineering, procurement and construction  
21 ("EPC") firm headquartered in Kansas City, MO. Burns and McDonnell identified a site  
22 outside Sheboygan Falls, WI and began developing the site for the construction of a  
23 power plant through a subsidiary company Power Ventures Generation LLC ("PVG").  
24 PVG began the effort to secure the property, perform electric, gas and water  
25 interconnection studies and easements and obtain environmental air and water permits.  
26 PVG filed an application for a Certificate of Public Convenience and Necessity  
27 ("CPCN") with the Public Service Commission of Wisconsin ("PSCW"), which was  
28 deemed complete by the PSCW on December 11, 2003. Approximately 15 acres of a 40-  
29 acre industrial site in Sheboygan Falls was utilized for the power plant.

1 In January 2004 Alliant Energy Corporation signed an option to purchase from  
2 PVG the fully permitted site to build the 300 MW simple cycle natural gas fired peaking  
3 plant. PVG continued its work to obtain the necessary state and local regulatory  
4 approvals for the site and then sell the fully permitted site to Alliant Energy Generation  
5 (“AEG”), a subsidiary of Alliant Energy Corporation. Alliant Energy Corporation  
6 previously had purchased two GE Frame 7FA combustion turbines for a project in  
7 Michigan that was cancelled and was planning to install these units at Sheboygan Falls.  
8 Burns and McDonnell was retained by AEG to construct the power plant.

9 Construction of the plant began in July 2004 and was completed in June 2005, an  
10 11 month construction period. Our analysis for the PJM CONE plant allowed for an 18  
11 month construction schedule, which included the purchase and delivery of the  
12 combustion turbines. The Sheboygan Falls Energy Facility was perhaps completed in  
13 only 11 months because the combustion turbines had been pre-purchased by Alliant  
14 Energy Corporation.

15 The full cost of the project was \$146.0 million which including the purchase of  
16 the project development from PVG, financing, interconnection, startup and  
17 commissioning and spare parts. The all inclusive nature of the capital cost was confirmed  
18 via a phone conversation with a source within Alliant Energy Corporation who was  
19 involved with the project development and construction. Alliant Energy Corporation  
20 originally requested the PSCW to include the \$146.0 million project cost in rate base.  
21 However this request was reduced \$11.0 million by the PSCW. A May 20, 2005 Alliant  
22 Energy Corporation press release stated the following, “The PSCW approved a 20-year  
23 lease agreement with payments based on a return on equity of 10.9 percent and a facility  
24 cost of \$135 million, \$11 million less than requested. The reduction reflects estimated  
25 market value of the combustion turbines versus original costs”. Our capital cost estimate  
26 for the PJM CONE plant similarly used 2004 current market costs for the combustion  
27 turbines in its capital cost estimate.

28 Using the \$135 million capital cost as the base and making capital cost  
29 adjustments to match the PJM CONE, for inlet cooling (\$8.4 Million), SCR (\$13.4  
30 Million) and oil firing (\$3.7 Million), the total capital cost becomes \$160.5 Million or  
31 \$477.5/kW. The Illinois PJM CONE, which we assumed for estimating purposes would  
32 be in a location approximately 100 miles from Sheboygan Falls, was \$159.75 Million or  
33 \$475.30/kW. These capital costs compare very closely.

34 With this recent “real world” example in Sheboygan Falls, it would be extremely  
35 difficult to expect any regulatory entity to accept the \$201.5 million CONE estimate  
36 provided by Mr. Parker on Table 1 of his October 18, 2005 affidavit when compared to  
37 the \$135 million capital cost for a similar project scope. This is a \$66.5 million cost  
38 increase over the Sheboygan Falls Energy Facility or a nearly 50% increase in capital  
39 costs.

1           In a January 16, 2004 press release Alliant Energy Corporation stated “Alliant  
2 Energy expects plant construction to result in approximately 150 construction jobs with a  
3 \$6 million payroll. The new generating facility will result in annual payments of  
4 \$200,000 to the town and \$400,000 to the county as long as the plant is operational.” The  
5 combined Wisconsin property tax of \$600,000 is comparable to the property taxes we  
6 estimated for each of the PJM CONE sites, i.e., \$395,000 in New Jersey, \$713,000 in  
7 Maryland and \$333,000 in Illinois and is far below the escalated and adjusted annual  
8 property tax estimate of \$4.43 million provided by Mr. Parker in Table 7 of his October  
9 18, 2005 affidavit. Mr. Parker’s property tax estimate is 7.4 times greater than that of the  
10 Sheboygan Falls Energy Facility and 13.3 times greater than the Illinois PJM CONE  
11 property tax estimate.

12           In addition, Alliant’s reported \$6 million construction labor payroll for the  
13 Sheboygan plant is in line with our estimate of construction labor for the PJM CONE  
14 plant of \$9.7 million. By contrast, the updated and adjusted labor cost of \$30.1 million  
15 provided by Mr. Parker in Table 3 of his October 18, 2005 testimony is five times greater  
16 than that of the Sheboygan Falls Energy Facility and three times greater than our estimate  
17 of construction labor costs for the PJM CONE plant.

18       This concludes my affidavit.

SS:                    )     Commonwealth of Pennsylvania  
                          )     County of Bucks

**AFFIDAVIT OF RAYMOND M. PASTERIS**

Raymond M. Pasteris, being first duly sworn, deposes and says that he has read the foregoing "Affidavit of Raymond M. Pasteris on Behalf of PJM Interconnection, L.L.C. on Technical Conference Issues," that he is familiar with the contents thereof, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

/s/ Raymond M. Pasteris  
Raymond M. Pasteris

Subscribed and sworn to before me this 21 day of June, 2006.

/s/ [Signature]  
Notary Public

My Commission expires: 7-6-2006



Notarial Seal  
Paul F. Morgenthaler Jr., Notary Public  
Yardley Borough, Bucks County  
My Commission Expires July 6, 2006

**PJM Interconnection, L.L.C.  
Docket Nos. EL05-148-000 and  
ER05-1410-000  
June 22, 2006**

**Supporting Materials to  
Follow-Up Affidavit of  
Raymond M. Pasteris**

**Attachment A**

## Alliant Energy Selects Sheboygan Falls, Wisconsin as Site for 300MW Natural Gas Power Plant

Company Plans to Purchase Site From Independent Power Producer

MADISON, Wis., Jan. 16 /PRNewswire-FirstCall/ -- Alliant Energy Corp. (NYSE: LNT) announced today that its subsidiary, Alliant Energy Generation, Inc. (AEG), has assumed an option to purchase a site for a 300-megawatt (MW) simple-cycle, natural gas-fired power plant outside Sheboygan Falls, Wis. The plant is part of a comprehensive integrated resource plan announced by Alliant Energy in December 2003 to meet the electric needs of the customers of Wisconsin Power and Light (WP&L), the company's Wisconsin utility subsidiary. Subject to regulatory approval, the plant could be operational as soon as the summer of 2005.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20020405/LNTLOGO> )

"Bringing this plant on-line, combined with the construction of the Rockgen and Riverside plants over the past several years will mean for the first time since the mid-1990's, WP&L will be able to meet its customers' summer electric energy needs exclusively through in-state generating facilities," said Kim Zuhlke, vice president - New Energy Resources. "We have a unique opportunity with the Sheboygan Falls site to build a plant in a community that is open to hosting such a facility and take advantage of the significant amount of permitting work that has already been completed."

The site is currently controlled by Power Ventures Group, LLC (PVG), a subsidiary of Burns & McDonnell, an engineering and construction management firm headquartered in Kansas City, Mo. PVG announced plans to construct a natural gas plant on the site in January 2003. An application for a Certificate of Public Convenience and Necessity (CPCN) was filed with the Public Service Commission of Wisconsin (PSCW) and was deemed complete by the Commission on December 11, 2003. Approximately 15 acres of a 40-acre industrial site located at the intersection of Bridgewood Road and Highway 23 in the Town of Sheboygan Falls would be utilized for the proposed plant. Under the proposal, PVG will continue its work to obtain the necessary state and local regulatory approvals for the site and then sell the fully permitted site to AEG. Subject to PSCW approval, AEG would construct and own the approximately \$140 - 150 million plant, but WP&L would operate the plant under a long-term lease.

"As Wisconsin seeks to find ways to streamline regulatory processes, we also recognize that industry has a responsibility to do all that it can to make the process as efficient as possible," said Zuhlke. "Rather than start from square one with a new site, we are seeking to utilize the significant amount of work that has already been completed by state agencies and local government entities. We believe this is the type of cooperation that will result in a streamlined process that is timely, efficient and protective of the interests of all stakeholders."

Zuhlke said WP&L will make a separate filing with the PSCW to address the demonstrated need for the new facility. He expressed optimism that both processes can move forward concurrently, resulting in approvals that would allow for a June 2005 on-line date.

"We believe the data will show a clear need for new peaking generation in the 2005-2006 timeframe," said Zuhlke. "It is important to keep in mind that this plant is just one part of the plan we announced in December. We intend to take a diversified portfolio approach toward meeting the growing needs of our customers, which includes energy conservation, renewable energy resources, and fossil fuels while employing flexibility throughout the planning horizon."

The company has also proposed to add 100MW of wind generation, 15MW of biomass generation and 200MW of coal generation in the 2004-2010 timeframe.

The site proposal would provide for up to 450MW of generation, however only 300MW of simple-cycle generating capacity are currently planned for the site. The design and permit applications would allow the plant to meet WP&L customers' electric needs during periods of peak demand. The plant design will include the best available emissions control measures and be one of the most efficient peaking facilities serving WP&L customers. The overall plant design will be similar to the 308MW facility also owned by AEG near Neenah, Wis.

Through its SmartBurn(SM) program, the company has reduced nitrogen oxide (NOX) emissions at its Edgewater plant -- also located in Sheboygan County -- by as much as 60 percent. Zuhlke said the addition of a new, efficient natural gas-fired peaking plant combined with the continued success of the SmartBurn (SM) program would help ensure reliable electric service while minimizing the impact on the county's air quality.

"The people from PVG have done an excellent job of working with the local community to address their questions and concerns," said Zuhlke. "Wisconsin is our home and we are committed to being an excellent neighbor as the plant is constructed and as it is operated for many years to come."

Alliant Energy expects plant construction to result in approximately 150 construction jobs with a \$6 million payroll. The new generating facility will result in annual payments of \$200,000 to the town and \$400,000 to the county for as long as the plant is operational.

"There are significant benefits for the community, the state and all our customers in bringing this new facility on-line as soon as possible," said Zuhlke. "We are excited about this unique opportunity and look forward to working with all the parties to make it happen."

Alliant Energy is an energy-services provider that serves more than three million customers worldwide. Providing its regulated customers in the Midwest with electricity and natural gas service remains the company's primary focus. Alliant Energy, headquartered in Madison, Wis., is a Fortune 1000 company traded on the New York Stock Exchange under the symbol LNT. For more information, visit the company's web site at [www.alliantenergy.com](http://www.alliantenergy.com).

Burns & McDonnell is an international engineering, architectural, construction and environmental services firm headquartered in Kansas City, Mo. The 106-year-old firm has more than 1,700 employee-owners in offices across the country. For more information about Burns & McDonnell, visit its website at [www.burnsmcd.com](http://www.burnsmcd.com).

SOURCE Alliant Energy Corp.





# Public Service Commission of Wisconsin

Daniel R. Ebert, Chairperson  
Robert M. Garvin, Commissioner  
Mark Meyer, Commissioner

610 North Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

**For Immediate Release – May 5, 2005**

Contact: Linda Barth  
(608) 266-9600

## **PSC Allows WP&L to Operate New Sheboygan Power Plant**

MADISON – Today the Public Service Commission of Wisconsin (PSC) approved Wisconsin Power and Light Company's (WP&L) request to lease and operate the power plant owned by Sheboygan Power LLC, both subsidiaries of Alliant Energy Corporation.

In a verbal decision, the Commission determined WP&L would need additional generation to meet customer demand this summer. The Commission allowed WP&L to lease Sheboygan Power for \$135 million over the next 20 years, an amount lower than the \$146 million originally requested by Sheboygan Power.

The Commission trimmed \$11 million from the cost of two combustion turbines for the Sheboygan plant that were previously purchased by Alliant for a Michigan project that was terminated. The Commission also lowered the rate of return for investors from the 11.1 percent requested to 10.9 percent, saving ratepayers an additional \$2 million over the life of the lease. The Commission determined it would review the financial package in five years.

Sheboygan Power plans to complete the construction of the two natural gas-fired power generators no later than the end of June 2005. The new generators will have a capacity to produce 300 megawatts. (One megawatt can generate electricity for 500 residences.) WP&L plans to operate the Sheboygan facility during times of peak electric demand.

Power Ventures Group received approval from the Commission to construct the Sheboygan facility on June 30, 2004. On July 23, 2004 the Commission approved Alliant's purchase of Sheboygan Power from Power Ventures Group for the purposes of leasing generation to WP&L. The Commission's action today set the amount for the lease payments to be made by WP&L.

The Commission will issue a written order on today's decision at a later date.

(END)

## Wisconsin Power and Light Company Receives Final Written Order on Lease Agreement for Sheboygan Falls Energy Facility

MADISON, Wis., May 20 /PRNewswire-FirstCall/ -- Wisconsin Power and Light Company (WP&L), a subsidiary of Alliant Energy Corporation (NYSE: LNT), announced that it received the final written order from the Public Service Commission of Wisconsin (PSCW) in the company's request for a lease agreement between Sheboygan Power, LLC, owners of the Sheboygan Falls Energy Facility, and WP&L.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20020405/LNTLOGO> )

The PSCW approved a 20-year lease agreement with payments based on a return on equity of 10.9 percent and a facility cost of \$135 million, \$11 million less than requested. The reduction reflects estimated market value of the combustion turbines versus original cost. The PSCW determined it would also review the return on equity, the capital structure and cost of debt every five years from the date of the final decision. In addition, the PSCW confirmed the need for the facility.

"Although we are pleased to have cleared this regulatory hurdle, we have interpreted the lease generation law a bit differently than the PSCW," said Barbara J. Swan, president of WP&L. "Our interpretation of the lease agreement law is that the approval extends over the life of the lease, rather than leaving the PSCW an option to review the agreement at other points during its term. We intend to review our options to address our differences with the PSCW on this point."

Swan indicated that construction of the Sheboygan Falls Energy Facility is close to completion and is scheduled to go on line as soon as the end of this month.

Alliant Energy Corporation is an energy-services provider with subsidiaries serving more than three million customers. Providing its customers in the Midwest with regulated electricity and natural gas service remains the company's primary focus. Wisconsin Power and Light, the company's Wisconsin utility subsidiary, serves 446,000 electric and 177,000 natural gas customers. Other business platforms include the international energy market and non-regulated domestic generation. Alliant Energy, headquartered in Madison, Wis., is a Fortune 1000 company traded on the New York Stock Exchange under the symbol LNT. For more information, visit the company's Web site at <http://www.alliantenergy.com> .

SOURCE Alliant Energy Corporation; Wisconsin Power and Light Company  
-0- 05/20/2005  
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CO: Alliant Energy Corporation; Wisconsin Power and Light Company; Public  
Service Commission of Wisconsin; Sheboygan Power, LLC  
ST: Wisconsin  
IN: OIL UTI  
SU: RLE

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### Sheboygan Falls Energy Facility Begins Commercial Operation

MADISON, Wis., June 2 /PRNewswire-FirstCall/ -- Wisconsin Power and Light Company (WP&L), a subsidiary of Alliant Energy Corporation (NYSE: LNT), announced that the 300 MW, simple-cycle, natural gas-fired Sheboygan Falls Energy Facility began commercial operation today.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20020405/LNTLOGO> )

The plant, which is expected to run primarily during periods of peak demand in the summer months, will increase reliability for WP&L customers.

Alliant Energy Generation, a subsidiary of Alliant Energy Corporation, managed construction of the facility and owns it through Sheboygan Power, LLC. In mid-May, WP&L received approval from the Public Service Commission of Wisconsin (PSCW) on its request for a lease agreement. WP&L will operate and maintain the plant.

"We appreciate the support we received from the Town of Sheboygan Falls and are pleased the facility has been completed on schedule to meet our customers' 2005 energy requirements," said Tim Bennington, vice president- generation.

Construction of the plant began in late July 2004 at a 40-acre site on Bridgewood Road just south of Highway 23 in the Town of Sheboygan Falls. The project created approximately 150 construction jobs with a \$6 million payroll.

Alliant Energy Corporation is an energy-services provider with subsidiaries serving more than three million customers. Providing its customers in the Midwest with regulated electricity and natural gas service remains the company's primary focus. Wisconsin Power and Light, the company's Wisconsin utility subsidiary, serves 446,000 electric and 177,000 natural gas customers. Other business platforms include the international energy market and non-regulated domestic generation. Alliant Energy, headquartered in Madison, Wis., is a Fortune 1000 company traded on the New York Stock Exchange under the symbol LNT. For more information, visit the company's Web site at <http://www.alliantenergy.com> .

SOURCE Alliant Energy Corporation

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06/02/2005

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### Sheboygan Power, LLC Completes \$70 Million Private Placement Offering

MADISON, Wis., July 1 /PRNewswire-FirstCall/ -- Sheboygan Power, LLC, a subsidiary of Alliant Energy Generation, Inc. (AEG) announced today that it completed a private placement offering of \$70 million of senior secured notes. AEG is a subsidiary of Alliant Energy Resources, Inc., the parent company of Alliant Energy Corporation's (NYSE: LNT) non-regulated businesses. The senior notes have an interest rate of 5.06% and will be due 2025.

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Sheboygan Power, LLC will use the net proceeds to repay a portion of AEG's investment in connection with the development, site acquisition and construction of the Sheboygan Falls Energy Facility.

Wisconsin Power and Light Company (WP&L), a subsidiary of Alliant Energy Corporation, signed a 20-year lease agreement with Sheboygan Power, LLC in which it is responsible for all of the maintenance, operation and all fuel for the Sheboygan Falls Energy Facility. Per the terms of the lease, WP&L has exclusive rights to the generated output of the 300 MW simple-cycle, natural gas-fired facility. The plant is expected to run primarily during periods of peak demand in the summer months.

ABN AMRO acted as placement agent for the offering.

Alliant Energy Corporation is an energy-services provider with subsidiaries serving more than three million customers. Providing its customers in the Midwest with regulated electricity and natural gas service remains the company's primary focus. Alliant Energy's utility subsidiaries, Wisconsin Power and Light and Interstate Power and Light, serve 966,000 electric and 409,000 natural gas customers. Other key business platforms include the international energy market and non-regulated domestic generation. Alliant Energy, headquartered in Madison, Wis., is a Fortune 1000 company traded on the New York Stock Exchange under the symbol LNT. For more information, visit the company's Web site at <http://www.alliantenergy.com> .

SOURCE Alliant Energy Corporation

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