

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IES UTILITIES INC. and INTERSTATE POWER COMPANY	DOCKET NO. INU-00-4
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**ORDER COMMENCING INVESTIGATION
AND REQUIRING RESPONSE**

(Issued March 16, 2000)

On February 23, 2000, Alliant Utilities (Alliant) provided the Utilities Board (Board) with a copy of a letter sent by Alliant to the Mid-Continent Area Power Pool (MAPP). The letter advised MAPP that Alliant's two Iowa Utilities, IES Utilities Inc. (IES) and Interstate Power Company (Interstate), intend to withdraw their membership in the MAPP Reliability Council. In addition, the letter informed MAPP that IES and Interstate plan to join the Mid-America Interconnected Network (MAIN) as a reliability council member effective May 1, 2000. The letter also requests that IES and Interstate be allowed to continue as members of the Power and Energy Market and the Regional Transmission Committees at MAPP at least until the Midwest Independent System Operator (MISO) is operational. IES and Interstate request that their requests be acted upon at the March 2000 MAPP executive committee meeting on March 22 and 23. IES and Interstate have not requested Board approval of this transfer of membership.

Alliant is seeking assurance from the Executive Committee that the transfer to the MAIN reliability region releases IES and Interstate from abiding by MAPP reliability rules. Alliant believes they can be released, because they will be complying with requirements of another North American Electric Reliability Council recognized reliability council as required by the MAPP restated agreement.

Iowa Code § 476.8 (1999) imposes on each public utility the duty to furnish reasonably adequate service and facilities. The reliability of an electric utility's delivery system and its available capacity are elements of adequate service. Rule 199 IAC 20.5(3) provides that "[t]he generating capacity of the utility's plant, supplemented by the electric power regularly available from other sources, must be sufficiently large to meet all normal demands for service and provide a reasonable reserve for emergencies."

The proposed move from MAPP to MAIN raises several broad areas of inquiry. First, some MAIN-member utilities have experienced reliability problems over the past several summers. Second, other Iowa electric utilities are members of MAPP, not MAIN. Because IES and Interstate are interconnected with many of these utilities, there are concerns that the transfer to MAIN could negatively impact reliability or transaction costs for Iowa utilities and their customers. Third, MAPP and MAIN have different reserve requirements and penalty provisions. While the Board is familiar with the MAPP requirements, it is not as familiar with the MAIN requirements and whether those requirements are sufficient to ensure adequate service.

In order to obtain more information on the proposed transfer and its impact not only on IES and Interstate but also on Iowa system reliability in general, the Board will commence an investigation, identified as Docket No. INU-00-4. Because of time constraints imposed by IES' and Interstate's proposed May 1, 2000, effective date, IES and Interstate will be required to file responses to the following questions within ten days from the date of this order.

1. Has Alliant filed an application with MAIN to become a member of its reliability council? If yes, please file a copy of this application. If no, when does Alliant intend to make this application?
2. Do MAIN's by-laws allow utilities to be members of the reliability council only? What is this membership called? What are the terms and conditions associated with this membership?
3. What are the estimated costs involved in transferring IES's and Interstate's membership in MAPP to MAIN? How would these costs be recovered?
4. What are the advantages/disadvantages associated with this transfer?
5. Upon the membership transfer to MAIN, would IES and Interstate become members of a reserve sharing pool at MAIN? How would these reserves be shared with MAIN utilities? Would this entail scheduling increased flows over MAPP/MAIN interconnections?
6. Provide a comparison of IES's and Interstate's planning reserve requirements under MAPP with what these planning reserve requirements would be under MAIN.
7. Provide a comparison of IES's and Interstate's operating reserve requirements under MAPP with what these operating reserve requirements would be under MAIN.
8. Provide a comparison of MAPP's penalty provisions for failing to meet MAPP's reliability criteria with the penalty provisions imposed by MAIN.

9. Provide a comparison of MAPP's guidelines for load forecasting with MAIN'S guidelines for load forecasting.

10. Provide a comparison of MAPP's and MAIN's operating reserve calculations.

11. How is the capacity obligation at MAPP different from the capacity obligation at MAIN?

12. What are IES's and Interstate's forecasted reserves for the summer of 2000? Summer of 2001? Are these reserves sufficient to meet MAPP's reserve requirements for the summer of 2000 assuming a severe weather forecast?

13. What are the joining fees, annual dues, and all other anticipated MAIN charges?

14. Since IES and Interstate are interconnected with other Iowa utilities, how would this transfer affect reliability and transaction costs in the MAPP region?

15. What are the consequences of having two major Iowa utilities (MidAmerican and Alliant) in two different reserve pools abiding by different reliability requirements?

16. Please provide any analyses that look at the effects this transfer may have on reliability for Iowa's customers.

17. Please detail the events that led to Alliant declaring a system emergency in its MAIN region during the summer 1999. How many interruptible customers in Iowa were curtailed due to the system emergency? How much interruptible load was curtailed in Iowa?

18. Has Alliant developed a contingency plan to address reliability concerns in its MAIN region during the summer of 2000? If yes, please provide a copy of this plan. How is this plan affected by the delay in construction of the RockGen Energy Center?

IT IS THEREFORE ORDERED:

1. An investigation is commenced, identified as INU-00-4, to obtain further information on Alliant Energy's plan to change the reliability council membership of IES Utilities Inc. and Interstate Power Company from MAPP to MAIN.

2. IES and Interstate shall respond to the questions identified in this order within ten days from the date of the order.

UTILITIES BOARD

/s/ Allan T. Thoms

ATTEST:

/s/ Raymond K. Vawter, Jr. /s/ Diane Munns
Executive Secretary

Dated at Des Moines, Iowa, this 16th day of March, 2000.