STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. RPU-02-3 RPU-02-8 ARU-02-1

ORDER ON REHEARING

(Issued June 4, 2003)

On April 15, 2003, the Utilities Board (Board) issued its "Final Decision and Order" in Docket Nos. RPU-02-3, RPU-02-8, and ARU-02-1. On May 5, 2003, applications for rehearing were timely filed by Interstate Power and Light Company (IPL), the Consumer Advocate Division of the Department of Justice (Consumer Advocate), the Iowa Consumers Coalition (ICC), Maytag Corporation and Tyson Foods Inc. (Maytag/Tyson), and the Community Coalition for Rate Fairness (CCRF). Lakeside Casino Resorts (Lakeside) and the Cities of Dubuque, Clinton, Mason City, Newton, and Washington (Cities) filed responses on May 9, 2003, supporting some aspects of the various rehearing requests and resisting or declining to take positions on others. The parties that filed the initial applications for rehearing filed responses to the other requests on May 19, 2003.

Most of the arguments raised in the rehearing petitions, and the responses thereto, were exhaustively argued in prefiled testimony, at hearing, and in post-hearing initial and reply briefs. The Board, however, will specifically address several of the issues raised in the various applications for rehearing and responses thereto.

REVENUE REQUIREMENT ISSUES

A. Incentive Compensation

IPL argued the Board erred in failing to include any amounts for incentive compensation because the record shows that payments were made during the 2001 test year. However, IPL ignores the evidence at hearing that conclusively demonstrated that no payments were made during 2002 and that such payments were unlikely to occur in the near future. Costs that a utility did not and will not incur should not be included in rates. This is not a case, like with the Board's decision on four-year line clearance, where an adjustment was denied because the record did not establish that post-test year expenditures were actually incurred. Here, it was clearly established that there was no incentive compensation in 2002. The Board in its April 15, 2003, order reaffirmed its support for incentive pay plans. If such payments resume, IPL can seek recovery in a future rate proceeding.

B. FERC Account 182 Deferrals

The Board will not modify its decision on the treatment of FERC Account 182 deferrals. However, Consumer Advocate pointed out, and IPL agreed, that an amortization expense of $895,584 needed to be deducted to avoid double counting. The total adjustment, with this correction, is $1,860,476.

C. Significant Load Changes and Loss of Margins

IPL said the Board's $162,515 adjustment to further reduce purchase power expense as it related to the adjustment for significant load changes is redundant and reflects a corresponding deduction in demand costs already accounted for in Schedule D-9. IPL is correct and this expense reduction will be eliminated. Similarly, a $535,400 adjustment to reflect increased transmission revenues related to the loss of margins from four wholesale customers represents a double counting of transmission revenues. This adjustment will also be eliminated.

D. Rate Case Expense

In the April 15 final decision and order, the Board used only a one-year amortization period for rate case expense because the record indicated IPL would file a new rate case in 2003. Consumer Advocate argued that a three-year amortization period was appropriate and is consistent with Board precedent. Subsequent to the final decision and order, IPL withdrew its petition for prior approval of a rate notice in Docket No. RN-03-1 and indicated it would not file a new rate case until 2004. The Board will, therefore, modify its decision and use a two-year amortization period, the expected time between rate cases, for rate case expense. The annual amount, based on the updated rate case expense filed by IPL, is $456,540.

E. Miscellaneous—Energy Adjustment Clause

Consumer Advocate urged the Board to modify the energy adjustment clause to prevent the recovery of costs both through the clause and base rates. The Board believes any changes to the clause, and the ramifications thereof, must be explored in a rule making proceeding.

DOUBLE LEVERAGE

IPL claimed the Board ignored key evidence regarding the application of double leverage to a $24 million debt issue. The Board did not ignore the evidence cited by IPL, but determined it was appropriate to apply double leverage when considering all the facts and circumstances. The facts and circumstances here are similar to those that existed in Docket No. RPU-91-9, where double leverage was applied. In addition, the Board has previously noted that capital is fungible, which is the basis for the double leverage adjustment. See, Iowa-American Water Company, "Final Decision and Order," Docket No. RPU-90-10 (10/21/91), p. 53.

IPL also argued the return on equity established by the Board, 11.15 percent, was unrelated to Alliant Energy Corporation (Alliant) and should not be used as Alliant's return on equity in the Board's traditional double leverage calculation. The return on equity of 11.15 percent was arrived at by considering the estimates from all models, both as applied to Alliant and to the proxies. The record contained much discussion on whether the risk of the proxies better reflected the risk of Alliant or IPL. (Tr. 1553, 2225-27). In fact, testimony at hearing indicated that it was not possible to distinguish between the cost of equity for the various proxy groups and Alliant. (Tr. 1964). It is appropriate to take into account both the analysis of the parent and the analysis of the various the proxies for the utility in setting the return on equity within the double leverage calculation in this case. The Board will not grant rehearing on the return on equity used in the double leverage calculation.

CLASS COST OF SERVICE

Maytag/Tyson said the Board should have used the single coincident peak (1CP) method for allocating generation capacity costs, arguing that capacity needs are not determined by off-peak usage. Maytag/Tyson pointed out that IPL continues to build combustion turbine peaking units, driven by peak rather than off-peak usage.

Consumer Advocate, in supporting the Board's decision to reject the 1CP method, noted that while coincident peak demand does determine the total amount of capacity needed for serving peak demand, it does not determine the generation mix. Consumer Advocate argued the fact that IPL is currently adding peaking capacity ignores the ongoing existence of IPL's base load capacity.

Maytag/Tyson are in effect asking for an interpretation of 199 IAC 20.10(2)"c" that is fundamentally different from the one established when the rule was first adopted in 1981. In the order adopting rules issued July 6, 1981, in Docket No. RMU-80-1, the Board said at page 26:

> Some methodologies discussed before this Commission attribute the cost of electric generating capacities solely or primarily to the periods designated as the annual system peak. Such procedures ignore the fact that while the total generating capacity of a utility may be determined by its annual system peak, the generating mix and the corresponding cost to the utility result from both peak and off-peak electric use as evidenced in the Company's load duration curve. All acceptable costing methodologies should recognize this fact, and should provide a means for taking into account the effects of off-peak use in determining generation mix and making economically feasible the construction of capital intensive low-energy cost base load generating units.

In its first rate case decision applying this rule, the Board explained in detail why the 1CP allocation methodology was unacceptable. Iowa Power and Light Company, "Decision and Order," Docket Nos. RPU-78-27, et al. (7/31/81), pp. 34-36. Since then, the Board has consistently rejected CP methodologies and has not been persuaded to depart from its reasoning.

RATE EQUALIZATION

Several parties asked for rehearing on rate equalization. Other parties filed responses supporting or opposing one or more of the various positions. The ICC claimed that the Board's order did not address the evidence presented showing that there are significant generation cost differences among the pricing zones. Maytag/Tyson argued that no evidence was presented showing that cost of service differences have changed among the pricing zones and that it is, therefore, reasonable to assume that the separate zones are operated the same as when they were separate utilities. The CCRF generally supports the Board's equalization decision but asks that a specific schedule be set for phasing in full rate equalization.

The Cities and Lakeside support the ICC and Maytag/Tyson positions and oppose the CCRF position. IPL and Consumer Advocate also filed responses addressing the rate equalization issues.

IPL opposed the CCRF's proposal for an interim rate equalization proceeding, noting that it would be filing a rate case in 2004. IPL also noted, with respect to the arguments of the ICC and Maytag/Tyson, that the Board recognized in Docket No. RPU-94-2 that the zones for predecessor utilities were operated as a single integrated utility. IPL described the integrated nature of its generation, transmission, and distribution system, which applies to zones acquired by what is now IPL subsequent to Docket No. RPU-94-2. (Tr. 72-73). IPL notes that the class cost of service studies its predecessor performed in Docket No. RPU-94-2 were performed on an integrated basis and were not based on geographically differentiated costs of service.

Consumer Advocate also noted the former independent utilities are now operated as a single integrated utility. (Tr. 2401). The costs of the integrated utility apply to all customers within a customer class and cannot be segregated according to geographic areas. (Tr. 47-48). Rule 199 IAC 20.10(2) assumes that utilities are operated as integrated systems rather than a collection of separate regional entities, and Iowa Code §§ 476.3(1) and 476.5 require that customers receiving the same service at the same cost should generally be charged the same rates.

The ICC's point that generation resources in the different pricing zones may have different costs is not significant because IPL operates as a single, integrated system, a point acknowledged by the ICC's witness. (Tr. 3505). Similarly, ICC's point that any merger benefits should be distributed by pricing zone ignores the fact that merger benefits accrue to the integrated system as a whole, not to individual zones. The revenue requirement established applies to IPL as an entity. Revenue requirements are not established for each zone.

The Board will not modify its rate equalization decision. The Board also will not order IPL to file an "interim" equalization proceeding. This is premature, given that IPL will file a new rate case in 2004 and temporary rates in that proceeding will likely be effective in June 2004.

TRANSFER OF INTERRUPTIBLE COST RECOVERY

Maytag/Tyson said the Board should not have decided to transfer interruputible credit cost recovery from base rates to the energy efficiency cost recovery rider (EECR) in this proceeding, but should have decided the issue in IPL's energy efficiency plan filing, Docket No. EEP-02-38. Maytag/Tyson also argue transferring recovery of interruptible credits from base rates to the EECR shifts a demand-related cost to recovery through a kWh energy rate, which unfairly burdens high load factor customers. IPL and Consumer Advocate pointed out there is no Board order stating that this issue would be addressed exclusively in the EEP docket.

The issue was addressed in both the rate case and EEP dockets. Contrary to the concerns raised, the Board's decision to transfer the recovery of credits from base rates to the EECR will involve no change in cost allocation or rate design for any customer class or individual customer. The transfer of recovery of interruptible credits is a neutral transfer that will not impact what any customer pays. In other words, a customer paying one dollar for interruptible credits today will pay one dollar tomorrow. Rehearing will be denied.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The applications for rehearing filed by the various parties in Docket Nos. RPU-02-2, RPU-02-8, and ARU-02-1 are granted to the extent discussed in this order and denied in all other respects.

2, The final decision and order of the Utilities Board, issued April 15, 2003, is modified in accordance with the body of this order.

3. On or before the expiration of 15 days from the date of this order, Interstate Power and Light Company shall file a revised cost allocation study, a revised class cost-of-service study, and revised tariffs setting schedules of electric

rates in compliance with this order and attached schedules A through F. Schedules A through F are incorporated into this order by reference. The compliance tariffs shall become effective upon approval by the Board.

4. Within 60 days from the date of this order, Interstate Power and Light Company shall submit for the Board's consideration and approval a plan by which refunds shall be made to customers in accordance with the findings contained herein and the Board's May 28, 2003, order conditionally approving compliance tariffs.

5. Motions and objections not previously granted or sustained are denied or overruled. Any argument in the rehearing application not specifically addressed in this order is rejected as either not supported by the evidence or as not being of sufficient persuasiveness to warrant comments.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 4th day of June, 2003.

SCHEDULE A

Interstate Power and Light
Revenue Requirement
Test Year Ended December 31, 2001

Line No.	Description (A)	Amount (B)
1	Rate Base	$ 1,394,209,843
2	Rate of Return	9.0790%
3	Return On Rate Base	$ 126,580,312
4	2001 Net Operating Income	$ 111,484,273
5	Income (Excess) Deficiency	$ 15,096,039
6	Tax Effect	$ 10,740,071
7	Revenue (Excess) Deficiency	$ 25,836,110
8	Operating Revenue	$ 888,090,780
9	Percent Increase/Decrease	2.91%
10	REVENUE REQUIREMENT	$ 913,926,890

Interstate Power and Light
Rate Base
Test Year Ended December 31, 2001

Line No.	Description (A)	13 Month Ave. Balance (B)	Adjustments (C)	Total (D)
1	Plant in Service	$ 3,056,030,059	$ 92,068,139	$ 3,148,098,198
2	Accumulated Depreciation	$ (1,559,391,092)	$ (3,702,847)	$ (1,563,093,939)
3	Deferred Taxes	$ (192,336,381)	$ 1,598,610	$ (190,737,771)
	Customer Advances	$ (1,474,445)		$ (1,474,445)
4	Customer Deposits	$ (1,757,444)	$ (43,854)	$ (1,801,298)
5	Unclaimed Property	$ (23,792)	$ (1,151)	$ (24,943)
6	Uncollectibles	$ (578,159)	$ 9,259	$ (568,900)
7	Property Ins., Workers Comp.	$ (3,409,074)	$ 1,742	$ (3,407,332)
8	Accrued Vacation	$ (3,694,995)	$ 93,175	$ (3,601,820)
9	Accrued Pensions	$ (3,175,816)	$ (3,615)	$ (3,179,431)
	Total Net Plant	$ 1,290,188,861	$ 90,019,458	$ 1,380,208,319
13	Working Capital			
14	Materials and Supplies	$ 25,800,064	$ (4,052,486)	$ 21,747,578
15	Prepayments	$ 3,235,064	$ (23,373)	$ 3,211,691
16	Fuel Inventory	$ 23,269,182	$ 1,861,483	$ 25,130,665
17	Cash Working Capital	$ (35,541,126)	$ (547,284)	$ (36,088,410)
18	Total Net Working Capital	$ 16,763,184	$ (2,761,660)	$ 14,001,524
19				$ -
20	Total Rate Base	$ 1,306,952,045	$ 87,257,798	$ 1,394,209,843

Interstate Power and Light
Rate Base Adjustments
Test Year ended December 31, 2001

ne !	Description (A)	IPL Allocation Factors (B)	Tower Lease (C)	Power Plant Security (D)	Merger Benefits (E)	New Resource Planning	Cash Working Capital (G)	Plant Additions (H)	IPL-CIS Integration (I)	Post Test Year Comb. Initiatives (J)	Vehicle Replacement (K)	Dist. System Replacment (L)	Mandated Regulatory Study Costs	Total Adjustments (N)
	Plant in Service	$ 3,857,016	$ (6,864,942)	$ 839,950		$ 16,364,381		$ 77,373,105	$ 3,550,524	$ 4,784,889	$ 1,421,036	$ 1,766,421	$ (11,024,241)	$ 92,068,139
	Depr. And Amort.	$ (1,765,096)	$ -	$ (14,461)		$ (1,636,438)		$ (1,258,290)	$ 1,295,440	$ (239,244)	$ (54,994)	$ (29,764)		$ (3,702,847)
	Deferred Taxes	$ 1,598,610												$ 1,598,610
	Customer Deposits	$ (43,854)												$ (43,854)
	Unclaimed Property	$ (1,151)												$ (1,151)
	Uncollectiblies	$ 9,259												$ 9,259
	Liability for WC and I&D	$ 1,742												$ 1,742
	Accrued Vacation	$ 93,175												$ 93,175
	Accred Pension Obligation	$ (3,615)												$ (3,615)
	Materials and Supplies	$ (404,431)			$ (1,572,168)	$ (2,075,887)								$ (4,052,486)
	Prepayments	$ (23,373)												$ (23,373)
	Fuel Inventory	$ 1,861,483												$ 1,861,483
	Cash Working Capital						$ (547,284)							$ (547,284)
	TOTAL	$ 5,179,765	$ (6,864,942)	$ 825,489	$ (1,572,168)	$ 12,652,056	$ (547,284)	$ 76,114,815	$ 4,845,964	$ 4,545,645	$ 1,366,042	$ 1,736,657	$ (11,024,241)	$ 87,257,798

SCHEDULE C

INTERSTATE POWER AND LIGHT COMPANY
IOWA ELECTRIC UTILITY
DETERMINATION OF CASH WORKING CAPITAL REQUIREMENTS
YEAR ENDED DECEMBER 31, 2001

		Days of Lag
	Estimated revenue lag:	
1	Metering period	15.20
2	Processing bills	2.70
3	Collection period	21.90
4	Total	**39.80**

						Pro Forma Adjustment		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Type of Expense	Amount	Expense Per Day (1)/365	Days Cash Required	Cash Requirement (2) x (3)	Pro forma Amount	Expense Per Day (5)/366	Cash Req. for Adjust. (3) x (6)
	Labor:							
5	Bi-weekly	$ 76,629,562	$ 209,944	26.8	$ 5,626,499			
6	Total Labor	$ 76,629,562	$ 209,944	26.8	$ 5,626,499	$ 1,894,587	$ 5,191	$ 139,119
	Fuel Burned:							
7	Coal, including freight	$ 101,776,687	$ 278,840	16.0	$ 4,461,440			
8	Oil	$ 4,436,381	$ 12,154	16.7	$ 202,972		$ -	$ -
9	Natural Gas	$ 18,316,091	$ 50,181	2.8	$ 140,507			
10	Furfural Residue	$ 94,907	$ 260	4.8	$ 1,248			
11	Methane Gas	$ 307,945	$ 844	14.8	$ 12,491			
12	Nuclear Fuel	$ 17,537,909	$ 48,049	(36.3)	$ (1,744,179)			
	Other (for pro forma adjustment only)					$ (5,878,722)	$ (16,106)	$ (127,237)
13	Total Fuel Burned	$ 142,469,920	$ 390,328	7.9	$ 3,074,479	$ (5,878,722)	$ (16,106)	$ (127,237)
14	Electricity purchased	$ 172,390,543	$ 472,303					
15	Off-system sales	$ (44,376,136)	$ (121,578)					
16	Electricity Purchased, net	$ 128,014,407	$ 350,725	6.8	$ 2,384,930	$ (6,189,045)	$ (16,956)	$ (115,301)
	Other operation and maintenance:							
17	Total operation and maintenance	$ 534,357,338	$ 1,463,993					
18	Less: Labor	$ 76,629,562	$ 209,944					
19	Fuel Burned	$ 142,469,920	$ 390,328					
20	Electricity purchased, before Off-system sales	$ 172,390,543	$ 472,303					
21	Total Other Operation and Maintenance	$ 142,867,313	$ 391,417	1.3	$ 508,842	$ (2,861,905)	$ (7,841)	$ (10,193)
	Other:							
22	Property taxes	$ 45,330,571	$ 124,193	(323.4)	$ (40,164,016)	$ 113,366	$ 311	$ (100,577)
23	Federal income taxes	$ 54,840,992	$ 150,249	0.8	$ 120,199	$ (5,007,299)	$ (13,719)	$ (10,975)
24	State income taxes	$ 19,754,562	$ 54,122	(14.0)	$ (757,708)	$ (4,114,749)	$ (11,273)	$ 157,822
25	Interest on long-term debt	$ 47,201,404	$ 129,319	(51.5)	$ (6,659,929)	$ 2,948,324	$ 8,078	$ (416,017)
26	Preferred dividends	$ 2,333,940	$ 6,394	(5.9)	$ (37,725)			
27	FICA taxes	$ 6,612,276	$ 18,116	24.0	$ 434,784	$ 141,439	$ 388	$ 9,312
28	Federal unemployment taxes	$ 49,409	$ 135	95.7	$ 12,920			
29	State unemployment taxes	$ 53,313	$ 146	75.8	$ 11,067			
30	External decommissioning fund	$ 6,008,004	$ 16,460	(5.8)	$ (95,468)	$ 4,609,000	$ 12,627	$ (73,237)
31	Total Other	$ 182,184,471	$ 499,134	(94.4)	$ (47,135,876)	$ (1,309,919)	$ (3,588)	$ (433,672)
32	Total	$ 672,165,673	$ 1,841,548	(19.3)	**$ (35,541,126)**	$ (14,345,004)	$ (39,300)	**$ (547,284)**

Interstate Power and Light
Income Statement
Test Year Ended December 31, 2001

Line No.	Description (A)	Iowa Only Book (B)		Adjustments (C)		Adjusted Total (D)		Additional Revenues Required to Yield 9.079%	Total Revenues Required to Yield 9.85%
								2.78%	
1	*Operating Revenue*	$928,993,430	$	(40,902,650)		$888,090,780	$	25,836,110	$913,926,890
2	*Operating Expenses*								
	Operation	$521,333,873	$	(37,465,284)		$483,868,589			$483,868,589
3	Maintenance	$62,770,083	$	(57,156)		$62,712,927			$62,712,927
4	Depr. And Amort.	$122,824,473	$	3,193,962		$126,018,435			$126,018,435
5	Property Taxes	$45,330,571	$	113,366		$45,443,937			$45,443,937
6	Misc. Taxes	$5,810,028	$	1,398,927		$7,208,955			$7,208,955
	Federal Income Taxes	$54,840,992	$	(13,135,339)		$41,705,653	$	8,128,040	$49,833,693
7	State Income Taxes	$19,754,562	$	(6,726,780)		$13,027,782	$	2,612,031	$15,639,813
8	Deferred Income Taxes	($18,672,785)	$	18,539,109		($133,676)			($133,676)
9	Investment Tax Credit	($2,849,018)	$	(397,077)		($3,246,095)			($3,246,095)
10	*Total Operating Expenses*	$811,142,779		($34,536,272)		$776,606,507	$	10,740,071	$787,346,578
11	Net Operating Income	$117,850,651	$	(6,366,378)		$111,484,273	$	15,096,039	$126,580,312
	Rate Base	$ 1,306,952,045	$	87,257,798	$	1,394,209,843			$1,394,209,843
									9.079%

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

Line No.	Description (A)	IPL Alloc. Factors (B)	Demand Side Management (C)	Decrease Purch. Pow Sales (D)	Misc. Revenues (E)	FERC 888 Rev & Exp (F)	MAPP Out of Period Refund (G)	Decrease Property Taxes (H)
1	*Operating Revenue*	$ 2,859,623	($27,394,780)	$ (876,577)	$ (1,054,471)	$ (6,097,548)		
2	*Operating Expenses*							
3	Operation	$ 679,614	($24,487,355)			$ (6,349,481)	$618,396	
4	Maintenance	$ (1,299,133)						
5	Depr. And Amort.	$ (1,298,470)						
6	Property Taxes	$ 206,617						($93,251)
7	Misc. Taxes	$ 19,493						
8	Federal Taxes	$ 1,431,903	$ (914,676)	$ (275,771)	$ (331,737)	$ 79,258	$ (194,547)	$ 29,337
9	State Taxes	$ 460,157	$ (293,941)	$ (88,622)	$ (106,607)	$ 25,470	$ (62,520)	$ 9,428
10	*Deferred Income Taxes*							
	Investment Tax Credit							
	Total Expenses	$ 200,180	$ (25,695,972)	$ (364,393)	$ (438,344)	$ (6,244,752)	$ 361,329	$ (54,487)
11	Net Operating Income	$ 2,659,443	$ (1,698,808)	$ (512,184)	$ (616,127)	$ 147,204	$ (361,329)	$ 54,487

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

Postemploy Benefits (I)	Decrease Purchased Power Capacity (J)	Normalize DAEC Refueling Outage (K)	Out of Period Remainder Assessment (L)	Postage (M)	Insurance Expense (N)	Salaries and Wages (O)	Wheeling Expense (P)	Use Audit Amortization (Q)
$1,768,724	($6,189,045)	$ 204,023	$291,396	$184,708	$204,861	$1,400,220	$ 1,941,630	$ (159,355)
		$ (432,625)				$494,367		
						$ 141,439		$ 1,237,995
$ (556,441)	$ 1,947,074	$ 71,918	$ (91,673)	$ (58,109)	$ (64,449)	$ (640,534)	$ (610,837)	$ (339,340)
$ (178,818)	$ 625,712	$ 23,112	$ (29,460)	$ (18,674)	$ (20,711)	$ (205,842)	$ (196,299)	$ (109,051)
$ 1,033,465	$ (3,616,259)	$ (133,572)	$ 170,263	$ 107,925	$ 119,700	$ 1,189,650	$ 1,134,494	$ 630,249
$ (1,033,465)	$ 3,616,259	$ 133,572	$ (170,263)	$ (107,925)	$ (119,700)	$ (1,189,650)	$ (1,134,494)	$ (630,249)

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

Enterprise Security (R)	Levelize T&D Maint. Costs (S)	Levelize Steam Generat. Maintenance (T)	Levelize Uncollectibles to 3 Year Ave, (U)	Employee Benefits (V)	Eliminate Inventory Write-Off (W)	Int. on Customer Deposits (X)	Rate Case Expense (Y)	Net Merger Benefits (Z)
$ -			($3,335,418)	$1,448,446	(370,800)	$138,371	$456,540	($124,780)
	$ 906,823	$ -						
$ -	$ (285,287)	$ -	$ 1,049,323	$ (455,681)	$ 116,654	$ (43,532)	$ (143,627)	$ 39,256
$ -	$ (91,680)	$ -	$ 337,211	$ (146,438)	$ 37,488	$ (13,989)	$ (46,156)	$ 12,615
$ -	$ 529,857	$ -	$ (1,948,885)	$ 846,327	$ (216,658)	$ 80,850	$ 266,756	$ (72,909)
$ -	$ (529,857)	$ -	$ 1,948,885	$ (846,327)	$ 216,658	$ (80,850)	$ (266,756)	$ 72,909

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

SCHEDULE D
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Update Depreciation Study (AA)	Power Plant Security (AB)	Tower Lease (AC)	IT Infracstructure Costs (AD)	CEIDS Project (AE)	Line Clearance at 4 Year Cycle (AF)	Electric System Maintenance (AG)	Headquarter Lease (AH)	Meter Reading Errors (AI)
								$ (190,476)
	$864,974	$ 578,111	$ 1,226,804	$ 268,897			$ 627,548	
					$ -	$ 273,412		
$ (9,248,949)	$ 28,919	$ -						
$ 2,909,719	$ (281,219)	$ (181,874)	$ (385,953)	$ (84,595)	$ -	$ (86,015)	$ (197,427)	$ (59,924)
$ 935,069	$ (90,373)	$ (58,447)	$ (124,030)	$ (27,185)	$ -	$ (27,642)	$ (63,445)	$ (19,257)
$ (5,404,161)	$ 522,302	$ 337,790	$ 716,822	$ 157,117	$ -	$ 159,755	$ 366,676	$ (79,181)
$ 5,404,161	$ (522,302)	$ (337,790)	$ (716,822)	$ (157,117)	$ -	$ (159,755)	$ (366,676)	$ (111,295)

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

Nuclear Insurance (AJ)	Farm Rewiring Program (AK)	Sales Growth (AL)	Resource Planning System (AM)	MICP/EICP Awards (AN)	Loss of Four Retail Customers (AO)	Loss of Flex Rate Contracts (AP)	Significant Load Changes (AQ)	Second Nature Program (AR)
		$ 1,662,108			$ (4,351,068)	$ (316,884)	$ (5,068,868)	$ (18,785)
$ -	$ -	$ 353,645	$ (92,311)	$ (5,088,347)	$ (1,797,330)		$ (4,081,392)	$ (172,274)
			$ 3,272,876					
$ -	$ -	$ 411,642	$ (1,000,606)	$ 1,600,794	$ (803,406)	$ (99,692)	$ (310,660)	$ 48,288
$ -	$ -	$ 132,286	$ (321,555)	$ 514,432	$ (258,183)	$ (32,037)	$ (99,834)	$ 15,518
$ -	$ -	$ 897,573	$ 1,858,404	$ (2,973,121)	$ (2,858,919)	$ (131,729)	$ (4,491,886)	$ (108,469)
$ -	$ -	$ 764,535	$ (1,858,404)	$ 2,973,121	$ (1,492,149)	$ (185,155)	$ (576,982)	$ 89,684

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

Move of Farm Customers to LPL Rate (AS)	Depr. Of Major Plant Additions (AT)	Depr. Of CIS Integration (AU)	Depr. On Combustion Initiatives (AV)	Eliminate Terra Comfort and Reflect Capacity Costs (AW)	Eliminate Red Cedar non-Fuel Expenses (AX)	Reliability Improvements (AY)	Major Planned Outages (AZ)
$ (48,290)				$ -	$ -		
		$ (286,258)			$ (2,106,541)		
						$ -	$ -
	$ 2,294,651	$ 1,069,656	$ 436,287				
$ (15,192)	$ (721,897)	$ (246,457)	$ (137,256)	$ -	$ 662,718	$ -	$ -
$ (4,882)	$ (231,989)	$ (79,202)	$ (44,109)	$ -	$ 212,971	$ -	$ -
$ (20,074)	$ 1,340,765	$ 457,739	$ 254,922	$ -	$ (1,230,852)	$ -	$ -
$ (28,216)	$ (1,340,765)	$ (457,739)	$ (254,922)	$ -	$ 1,230,852	$ -	$ -

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

Depreciation from Vehicle Replacement (BA)	Depreciation of Distribution System (BB)	Decommissioning (BC)	Nuclear Mgmt Company Costs (BD)	FAS 87 Pension Expense (BE)	Eliminate Non-Property Deferred Taxes (BF)	Out of Period Income Taxes (BG)	Interest Syncronization (BH)	Resale Trans. Revenues (BI)
								$ 535,403
$ (85,397)			$ 574,434	$ 3,429,458				
$ 109,988	$ 59,528	$ 4,609,000						
$ (7,736)	$ (18,728)	$ (1,449,991)	$ (180,717)	$ (1,078,907)	$ (7,499,099)	$ (2,164,695)	$ (927,543)	$ 168,438
$ (2,486)	$ (6,018)	$ (465,970)	$ (58,075)	$ (346,718)	$ (2,409,914)	$ (3,201,249)	$ (298,076)	$ 54,129
					$ 9,636,940	$ 8,902,169		
						$ (397,077)		
$ 14,369	$ 34,782	$ 2,693,039	$ 335,642	$ 2,003,832	$ (272,073)	$ 3,139,148	$ (1,225,618)	$ 222,567
$ (14,369)	$ (34,782)	$ (2,693,039)	$ (335,642)	$ (2,003,832)	$ 272,073	$ (3,139,148)	$ 1,225,618	$ 312,836

Interstate Power and Light Company
Income Statement Adjustments
Test Year Ended December 31, 2001

SCHEDULE D
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3-Year Amort to reflect rev collection day diff (BJ)	4 Year Amort of Mandated Nuclear Study (BK)	TOTAL
$ (542,037)		$ (40,902,650)
		$ (37,465,284)
		$ (57,156)
	$ 1,860,476	$ 3,193,962
		$ 113,366
		$ 1,398,927
$ (170,525)	$ (585,306)	$ (13,135,339)
$ (54,800)	$ (188,094)	$ (6,726,780)
		$ 18,539,109
		$ (397,077)
$ (225,325)	$ 1,087,076	$ (34,536,272)
$ (316,712)	$ (1,087,076)	$ (6,366,378)

SCHEDULE E

Interstate Power and Light
Interest Syncronization
Test Year Ended December 31, 2001

Line No.	Description (A)	Amount (B)
1	Rate Base	$ 1,394,209,843
2	Weighted Cost of Debt	3.597%
3	Pro Forma Interest	$ 50,149,728
4	Book Interest	$ 47,201,404
5	Difference	$ 2,948,324
6	*Tax Adjustments*	
7	Federal Tax Rate (31.46%)	$ (927,543)
8	State Tax Rate (10.11%)	$ (298,076)

SCHEDULE F

Interstate Power and Light Company
Cost of Capital
Average 13-Month Ending December 31, 2001

Line No.	Description (A)	Amount (B)	Adjustments	Adjusted Total	Ratio (C)	Cost (D)	Weighted Cost (E)
	Long-Term Debt						
1	IPL	$812,853,770	$0	$812,853,770	48.567%	7.294%	3.542%
	Alliant	$10,624,667		$10,624,667	0.635%	8.590%	0.055%
2	Preferred and Preference Stock	$60,178,519	$0	$60,178,519	3.596%	6.086%	0.219%
3	Common Equity	$790,028,460	$0	$790,028,460	47.203%	11.15%	5.263%
		$1,673,685,416	$0	$1,673,685,416			
4	Total	$1,673,685,416			100.00%		9.0790%