

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: INTERSTATE POWER AND LIGHT COMPANY | DOCKET NOS. WRU-05-46-150 WRU-05-47-150 |
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ORDER DIRECTING DISPOSITION OF FUNDS

(Issued January 9, 2006)

On September 28, 2005, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request for waiver of the energy adjustment clause (EAC) rules so that it could flow through the EAC a one-time cash payment of \$1.33 million, which represents IPL's share of a settlement of claims against the U.S. Department of Energy regarding uranium enrichment. The waiver request identified as Docket No. WRU-05-46-150 is pending.

On October 17, 2005, IPL filed with the Board a request for a one-time waiver of the EAC rules to allow it to sell excess 2005 sulfur dioxide (SO₂) allowances through a broker and replace them with 2006 and 2009 SO₂ allowances. The price differential between the costs of the allowances sold and purchased is positive and IPL will return the gain to customers in Iowa, Minnesota, and Illinois, consistent with jurisdictional allocations. IPL requested that the Iowa jurisdictional share of the price differential, approximately \$2.9 million, be returned to customers through the EAC or some other mode as determined by the Board. The Board, by order issued

October 20, 2005, in Docket No. WRU-05-47-150, granted the waiver to allow the sale and purchase of allowances, but said it would determine the disposition of the price differential at a later time.

On December 23, 2005, the Board issued a "Notice of Intended Disposition of Funds." Because of the unique one-time nature of the refunds and the challenges presented by the winter of 2005-2006, the Board stated its intent to direct IPL to deposit a portion of the refunds in its Home Town Care Energy Fund to be distributed to community action agencies in proportion to the number of IPL energy customers in each agency's Iowa service area, with the community action agencies directed to use the proceeds to supplement the energy bill assistance provided by existing programs for IPL customers. The order provided for a 14-day comment and objection period. No comments or objections were filed.

The Board will direct IPL, consistent with the Board's December 23, 2005, order, to deposit a portion of refund proceeds in its Home Town Care Energy Fund for distribution as outlined above. However, as noted in that order, because refunds to larger customers are more substantial and better justify the cost of making an individual refund, through the energy adjustment clause (EAC) or otherwise, the Board will direct that individual refunds be made to customers in IPL's Bulk Power and Large General Service Classes. These refunds will be made through the EAC to reduce administrative costs so that large customers as a class receive the maximum possible refund benefit.

IT IS THEREFORE ORDERED:

Interstate Power and Light Company is directed to distribute refund proceeds from the uranium enrichment settlement, Docket No. WRU-05-46-150, and SO2 allowance cost differential, Docket No. WRU-05-47-150, as provided in this order, with a portion of the proceeds deposited in IPL's Home Town Care Energy Fund. Refunds to Bulk Power and Large General Service class customers shall be made through IPL's EAC.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 9th day of January, 2006.