

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. WRU-06-27-150
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ORDER DIRECTING DISPOSITION OF FUNDS

(Issued February 6, 2007)

On November 1, 2006, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request for a waiver of the energy adjustment clause (EAC) rules to allow IPL to sell excess 2006 and 2010 sulfur dioxide (SO₂) allowances through a broker and replace them with 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 and Minnesota, consistent with jurisdictional allocations. IPL requested that the Iowa jurisdictional share of the price differential be returned to customers through the EAC or some other mode as determined by the Board. The Board, by order issued November 6, 2006, in Docket No. WRU-06-27-150, 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. IPL subsequently notified the Board that the price differential is close to \$1.5 million. Iowa's jurisdictional share of this amount is about 93 percent.

On January 19, 2007, the Board issued a “Notice of Intended Disposition of Funds.” Because of the nature of the refunds and the impact of heating bills on low-income customers, 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 low service area, with the community action agencies directed to use the proceeds to supplement the energy bill assistance provided by the Low-Income Home Energy Assistance Program 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 January 19, 2007, 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 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 SO₂ allowance cost differential, Docket No. WRU-06-27-150, 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/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 6th day of February, 2007.