

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY AND ITC MIDWEST LLC	DOCKET NO. SPU-07-11
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ORDER REQUIRING ADDITIONAL INFORMATION

(Issued June 27, 2007)

On March 30, 2007, Interstate Power and Light Company (IPL) and ITC Midwest LLC (ITC Midwest), collectively "Applicants," filed with the Utilities Board (Board) a joint application for reorganization pursuant to Iowa Code §§ 476.76 and 476.77 (2007) and 199 IAC 32 to allow IPL to sell and transfer its electric transmission assets to ITC Midwest. Pursuant to the proposed sale, ITC Midwest would purchase, among other things, IPL's Iowa-based electric transmission assets.

In its preliminary review of the application, the Board has determined that additional information is required from Applicants (the Board believes most or all of the information will be from IPL) in two areas, the cost-benefit analysis and the reclassification and control of IPL's electric lines. Because the additional information requires various calculations and re-creation of some schedules using different assumptions, the Board will require that the additional information be provided now, rather than at the hearing. Also, requiring that the information be filed now will allow all parties an opportunity to review the additional information prior to hearing.

IPL witness Hampsher submitted Schedules A and F (and associated schedules) related to a base line revenue requirement and post-transaction revenue

requirement. IPL will be required to provide the following information, re-creating witness Hampsher's schedules using the following separate analyses:

1. Extension of the 2008-2012 timeframe to 20 years, through 2027, using the exact methodology contained in witness Hampsher's direct testimony.
2. Using the timeframe in number one above, but excluding the impacts of the 34.5kV transmission system from the equation.
3. Using the timeframe in number one above, but with no accrual of benefits from the allowance for funds used during construction (AFUDC) offset, other than accrued interest, from the transaction adjustment (\$60 million) until 2013.
4. Using the timeframe in number one above, but with removal of the benefits that will be received by gas customers.
5. Re-creation of witness Hampsher's schedules showing all the changes specified in one through four above.

As part of its filing, IPL is requesting that the Board reclassify its existing 34.5 kV facilities from distribution to transmission. According to IPL's testimony, the existing 34.5 kV facilities will be included in the proposed sale to ITC Midwest. IPL is to provide the following information regarding the proposed reclassification and operation of its electric lines:

1. Provide any technical analysis IPL has completed that compares and contrasts the function and operation of the existing 34.5 kV facilities to the function and operation of existing 69 kV facilities.
2. Are there any 34.5 kV facilities that do not meet the Federal Energy Regulatory Commission (FERC) functionality test for transmission? If so, please identify those facilities.
3. Are there any 69 kV facilities that do not meet the FERC functionality test for transmission? If so, please identify those facilities.

4. Schedule 2.2(k) of the Asset Sale Agreement (ASA) provides that communication and control equipment (all microwave and fiber optic communication systems, the ATC EMS/SCADA system) is being excluded from the proposed sale and Schedule 5.6 of the ASA discusses a proposal that allows American Transmission Company to continue to control IPL transmission through the end of 2009. Please state who will control and operate the 69 kV and above facilities and where will those facilities be controlled from. Also, please state whether new communication and control equipment will be required to operate these facilities. If the answer is in the affirmative, who will pay for the new communication and control equipment and what is the anticipated expense?

5. According to Schedule 2.2(k) of the ASA, the Distribution Dispatch Center located in Iowa is being excluded from the sale. Please state who will operate the 34.5kV facilities and where will those facilities be controlled from. Also, please state whether new communication and control equipment will be required. If the answer is in the affirmative, who will pay for the new communication and control equipment and what is the anticipated expense?

6. What are the transaction costs associated with the transfer of control of IPL's 34.5 kV facilities from its Distribution Dispatch Center? Are these costs included in the cost-benefit analysis provided by IPL in this proceeding?

IT IS THEREFORE ORDERED:

Applicants shall provide the information identified in this order within ten days of the date of this order.

UTILITIES BOARD

/s/ John R. Norris

/s/ Curtis W. Stamp

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Krista K. Tanner

Dated at Des Moines, Iowa, this 27th day of June, 2007.