

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EPB-06-150
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ORDER APPROVING PLAN AND BUDGET AMENDMENT

(Issued November 9, 2007)

On October 10, 2006, the Utilities Board (Board) issued an order approving a settlement between Interstate Power and Light Company (IPL) and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) regarding IPL's updated multiyear plan and budget (2006 Plan Update) for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal. The settlement stipulated that the 2006 Plan Update complied with Iowa Code § 476.6(25).

While not a party to the settlement, the Iowa Department of Natural Resources (IDNR) filed testimony on September 5, 2006, that concluded, based on information available to it at the time its testimony was filed, that the 2006 Plan Update, in conjunction with continued compliance with all permitting requirements and permit conditions, met applicable state environmental requirements for regulated emissions.

On August 31, 2007, IPL filed an amendment (2006 Plan Update Amendment) to its 2006 Plan Update. Included with the filing were supplemental direct testimony

and exhibits. The 2006 Plan Update Amendment addresses changes in IPL's compliance plan since the 2006 Plan Update was approved. On September 13, 2007, Consumer Advocate filed a response asking that the Board approve IPL's 2006 Plan Update Amendment.

The 2006 Plan Update Amendment updates the project's capital cost, project economics, and compliance strategies. The IDNR filed a letter on October 30, 2007, indicating that it had no comments regarding the 2006 Plan Update Amendment and waiving any right it may have had to a hearing.

The IDNR has an important role in the plan review process. Iowa Code § 476.6(25)"a"(4) provides, in part, that the IDNR "shall state whether the plan or update meets applicable state environmental requirements for regulated emissions." If the answer is no, the IDNR shall recommend amendments that outline actions to bring the plan in compliance. The Board cannot approve a plan that does not meet applicable standards. Iowa Code § 476.6(25)"b."

As noted earlier, while not a party to the 2006 Plan Update settlement, the IDNR filed testimony on September 5, 2006, commenting on the 2006 Plan Update. The IDNR's testimony stated that based on the information available to the IDNR, the 2006 Plan Update, in conjunction with continued compliance with all permitting requirements and permit conditions, meets applicable state environmental requirements for regulated emissions. The IDNR's letter filed on October 30, 2007, regarding the 2006 Plan Update Amendment indicated that IDNR had no comments

on the 2006 Plan Update Amendment and waived any right to a hearing. The IDNR did not file any revisions to its September 5, 2006, testimony.

No other party or person requested a hearing on the 2006 Plan Update Amendment. Because the IDNR previously answered the question posed by the statute in the affirmative, the Board may now decide whether to approve the 2006 Plan Update Amendment.

IPL's 2006 Plan Update Amendment contains supplemental direct testimony that amends the 2006 Plan Update. The testimony addresses capital costs, project delay, and status of proposed compliance strategies. IPL's 2006 Plan Update, as amended by the 2006 Plan Update Amendment, adequately addresses the plan changes. IPL's 2006 Plan Update, as amended by the 2006 Plan Update Amendment, reasonably balances costs, environmental requirements, economic development potential, and reliability of the generation and transmission system. The Board will approve the 2006 Plan Update Amendment.

Capital cost estimates for control technologies must be periodically revised. Those capital cost changes may in turn drive changes in a utility's compliance strategy. In its next emissions plan and budget, IPL must provide detailed information regarding its compliance strategies for its older units, particularly Prairie Creek, and whether changes in IPL's compliance strategy are appropriate given what appears to be an emerging market for NOX allowances. The information is also to include cost comparisons between control and allowance strategies.

IT IS THEREFORE ORDERED:

Interstate Power and Light Company's updated multiyear plan and budget for managing regulated emissions from its electric power generating facilities located in Iowa that are fueled by coal, as amended by the 2006 Plan Update Amendment filed on August 31, 2007, is deemed complete pursuant to Iowa Code § 476.6(25)"d" and is approved.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 9th day of November, 2007.