

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-08-1
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**ORDER DOCKETING CASE, SETTING INTERVENTION DEADLINE,
AND ESTABLISHING PROCEDURAL SCHEDULE**

(Issued May 2, 2008)

On March 31, 2008, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) an application for determination of ratemaking principles for up to 432.5 MW of the proposed Sutherland Generating Station Unit 4 (SGS Unit 4), a coal-fired generating facility located at IPL's Sutherland Generating Station in Marshalltown, Iowa. IPL has asked for five ratemaking principles, including a return on equity of 12.55 percent.

Ratemaking principles proceedings are conducted pursuant to Iowa Code § 476.53. This section provides that when defined new electric generation is constructed by a public utility and the utility requests ratemaking principles, the Board shall specify in advance, by order issued after a contested case proceeding, the ratemaking principles that will apply when the costs are included in electric rates.

On April 8, 2008, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a motion for procedural schedule. In its motion, Consumer Advocate asked that it be allowed an opportunity to respond to IPL's

rebuttal testimony, when it is filed, and that a procedural schedule be set allowing ten months to complete these proceedings. Consumer Advocate said its due process rights would be infringed if it was not allowed to respond to IPL's rebuttal testimony. Consumer Advocate said a ten-month schedule is necessary because of the long-term impact of the Board's decision and the complex and unique issues presented.

On April 18, 2008, IPL filed a response to Consumer Advocate's motion for procedural schedule. IPL agreed that a procedural schedule should be set, but objected to Consumer Advocate's assertions that this ratemaking principles proceeding should be treated as a rate case proceeding pursuant to § 476.6 and that Consumer Advocate's (or other party's) due process rights would be adversely affected if those parties are not allowed to respond to IPL's rebuttal case, which has not yet been filed.

IPL noted that a rate case proceeding, which has a statutory ten-month deadline for a Board decision, includes a multitude of issues related to income, expenses, capital structure, rate of return, rate base, class cost-of-service, and numerous other issues; in contrast, IPL said a ratemaking principles proceeding examines only the discreet aspects of the particular facility for which ratemaking principles are sought.

IPL argued that it should be allowed to open and close the presentation of prefiled testimony and points to 199 IAC 7.23(3) and the Board's order of October 21, 2005, in Docket No. RMU-05-1 as support for its position that, unless there is an exception to the norm, the petitioner (IPL in this case) opens and closes the

presentation of evidence in the prefiled record. That being said, IPL did not object to Consumer Advocate filing surrebuttal testimony, but asked that it be given a brief period to file rejoinder testimony. IPL proposed a schedule with a hearing in early August 2008 and asked that a decision be issued by October 1, 2008, to accommodate its construction schedule.

On April 23, 2008, Community Energy Solutions, Iowa Environmental Council, Iowa Farmers Union, Iowa Physicians for Social Responsibility, and Iowa Renewable Energy Association (collectively, the Coalition) filed a response to Consumer Advocate's motion and IPL's response. The Coalition joined in Consumer Advocate's motion and asked for a ten-month procedural schedule. The Coalition asked for the opportunity to respond to IPL's rebuttal testimony, but did not object to IPL's request to file rejoinder testimony as long as the time for filing such testimony was limited to one week after the filing of surrebuttal.

The Board has reviewed the ratemaking principles application and will docket it for investigation. The Board agrees with Consumer Advocate, IPL, and the Coalition that a procedural schedule should be set and the Board will establish a schedule in this order. In setting the schedule, the Board does not believe a rate type schedule, with a ten-month deadline, is appropriate. While the issues in this docket are likely to be complex and the Board's decision will have a long-term impact, it is unlikely there will be as many issues as there are in a typical rate case proceeding. In this case, IPL asks for five ratemaking principles that apply to one

generation facility; this case does not involve the array of issues, such as class cost-of-service and rate design, in a typical rate proceeding.

However, the Board believes the schedule proposed by IPL does not provide sufficient time for discovery by the parties and review by the Board. In particular, the schedule proposed by IPL gives the Board only a little more than one week from the time the last testimony is filed by IPL until the start of the hearing. That is not sufficient time for the other parties, the Board, and its staff to analyze the prefiled testimony and prepare for the hearing. The expedited schedule requested by IPL simply does not provide sufficient time for this case. The Board will set a schedule that balances the interests and rights of all parties that may participate in this proceeding.

With regard to the various requests for surrebuttal and rejoinder testimony, the Board will grant a limited opportunity for surrebuttal. The Board expects the parties to make their cases in their direct testimony. Frequently, surrebuttal or rejoinder testimony has only been cumulative in nature, with parties responding to minor points of contention already addressed in earlier prefiled testimony, apparently in the belief that it is important to have the last word. To that end, the parties should understand that the Board considers all of the evidence, regardless of when filed.

Surrebuttal testimony is appropriate when it is limited to issues raised for the first time in the second round of testimony. For example, if in this docket Consumer Advocate were to raise an entirely new issue in its testimony filed June 27, 2008 (as opposed to responding to IPL's initial testimony), then it would be appropriate for

Consumer Advocate to have the opportunity to file surrebuttal testimony on that issue. Accordingly, the Board will schedule an opportunity for surrebuttal testimony, but it must be limited to issues raised for the first time in the June 27, 2008, testimony. If no new issues are raised in the June 27, 2008, testimony, no surrebuttal testimony will be necessary.

IT IS THEREFORE ORDERED:

1. An investigation is initiated with respect to the application for determination of ratemaking principles filed by Interstate Power and Light Company on March 31, 2008. This matter is identified as Docket No. RPU-08-1, a formal contested case proceeding. The expenses reasonably attributable to this investigation will be assessed to IPL in accordance with Iowa Code § 476.10 (2007).
2. The following procedural schedule is established:
 - a. Any petitions to intervene shall be filed on or before June 6, 2008.
 - b. Consumer Advocate and any intervenors shall file prepared direct testimony, with underlying workpapers and exhibits, on or before June 27, 2008. If a party references a data request in its prepared testimony, the data request shall be filed as an exhibit.
 - c. IPL shall file its rebuttal testimony, with underlying workpapers and exhibits, on or before July 25, 2008.
 - d. Consumer Advocate and any intervenors may file surrebuttal testimony, with underlying workpapers and exhibits, on or before August 8,

2008. Any such surrebuttal testimony is limited to issues raised for the first time in that party's initial testimony and responded to by IPL in its rebuttal testimony.

e. The parties shall file a joint statement of the issues on or before August 22, 2008.

f. All parties that choose to file a prehearing brief may do so on or before August 22, 2008.

g. A hearing shall be held beginning at 9 a.m. on September 15, 2008, for the purpose of receiving testimony and the cross-examination of all testimony. The hearing shall be held in the Board's hearing room at 350 Maple Street, Des Moines, Iowa 50319-0069. The parties shall appear one-half hour prior to the time of the hearing for the purpose of marking exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

h. All parties may file initial briefs on or before October 7, 2008.

i. All parties who filed initial briefs may file reply briefs on or before October 17, 2008.

3. In the absence of objection, all underlying workpapers shall become a part of the evidentiary record of these proceedings at the time the related testimony and exhibits are entered into the record.

4. In the absence of objection, all data requests and responses referred to in oral testimony or on cross-examination that have not been previously filed shall become a part of the evidentiary record of these proceedings. The party making reference to the data request shall file an original and six copies of the data request and response with the Board at the earliest possible time.

5. In the absence of objection, when the Board has called for further evidence on any issue and the evidence is filed after the close of the hearing, the evidentiary record will be reopened and the evidence will become part of the record five days after the evidence is filed with the Board. All evidence filed pursuant to this paragraph shall be filed no later than seven days after the close of the hearing in this proceeding.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 2nd day of May, 2008.