

Exhibit A

**FILED WITH  
Executive Secretary  
December 29, 2011  
IOWA UTILITIES BOARD  
EAC-2011-0007**

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-2010-0001
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**FINAL DECISION AND ORDER**

(Issued January 10, 2011)

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allows utilities to pass-through certain types of non-fuel costs that meet the five guidelines set forth in the rules.

IPL states that its transmission costs (from ITC Midwest) are fluctuating and using an automatic mechanism for cost recovery of fluctuating transmission expense is more efficient than including the transmission costs in base rates. An automatic adjustment allows for dollar-for-dollar recovery of costs from ITC Midwest and helps with the regulatory lag issue while making sure that IPL does not over recover transmission costs when there is a period when transmission costs decline.

Automatic adjustment clauses allow utilities to recover costs over which the utility has little or no control, with increases or decreases in those costs being passed dollar for dollar to customers without the necessity of a rate case proceeding, easing the administrative burden and reducing regulatory costs that are ultimately reflected in customers' rates.

For the reasons set forth by IPL, the Board believes an automatic rider for IPL's transmission costs satisfies the five guidelines in 199 IAC 20.9. Satisfying the guidelines, however, does not mandate Board approval of a rider. The Board is concerned about IPL's management of its transmission costs and the failure of IPL to propose a benefit to customers, such as a rate freeze, in the event the transmission rider was adopted. IPL touted the rider as a mechanism for reducing the number of rate cases, but it made no commitment as to when its next rate case would be filed.

The Board will allow IPL the opportunity to implement the transmission rider on a pilot basis.<sup>10</sup> In return for the opportunity to implement the rider, IPL must agree to not file an electric rate case for at least three years from the date of this order.<sup>11</sup> The rider will remain in effect pending the Board's decision in that rate case, whenever it is filed. If an IPL rate case is not commenced for longer than this three-year period, the rider can continue in effect until the Board's decision in IPL's next electric rate case, where the rider can be revisited. Customers should receive a benefit from IPL's reduced risk relative to recovery of transmission costs if the rider is to be implemented, particularly after two consecutive years of significant electric rate increases. A minimum three-year base rate freeze provides some of those customer benefits. The Board also believes the reduced risk affects where return on equity is set within the range of reasonableness, as discussed in Section VII.

The Board expects IPL to improve its management of its processes and relationships with ITC Midwest and FERC. IPL's management of the processes and relationships will be an important part of any management efficiency examination in IPL's next rate case. IPL will be required to provide semi-annual reports detailing its review, analysis, suggestions, and input to such things as ITC Midwest's transmission planning and budgeting process and any FERC interventions or proceedings, and what impact IPL's input has had. If, for example, IPL approves of

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<sup>10</sup> IPL agreed, to alleviate some concerns expressed by LEG, not to include CIPCO transmission charges in the rider.

<sup>11</sup> IPL may apply to the Board for permission to terminate the commitment and file prior to the end of the three-year period in the event of a force majeure, as described later in this order.