

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. WRU-2015-0026-0150
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ORDER GRANTING WAIVER

(Issued November 6, 2015)

On September 18, 2015, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request for limited waiver of 199 IAC 20.1(3), related to the definition of the Clean Air Interstate Rule (CAIR) with regard to flowing credits associated with emissions allowances through IPL's energy adjustment clause (EAC). IPL asks for a limited waiver of the definition statements for "Affected unit," "Allowance," and "CAIR" contained in 199 IAC 20.1(3) to reflect new emissions allowances created by federal regulations, the Cross State Air Pollution Rule (CSAPR). The waiver, if granted, would allow IPL to flow the credits associated with the CSAPR allowances through IPL's EAC like IPL does today with credits associated with CAIR. Following lengthy litigation, the CSAPR regulations are now effective and CAIR is no longer applicable. There were no objections or other responses to the waiver request.

In support of its waiver request, IPL said that it expects to receive sufficient allowances in its allocation from the Environmental Protection Agency (EPA) to

comply with CSAPR requirements. IPL stated that it will actively manage its CSAPR allowances to ensure adequate allowances are available to support its ongoing electric generating operations and will transact (bank, swap, or sell) any allowances in excess of those needed to comply with CSAPR, to the benefit of IPL customers. IPL projected that about \$853,595 from the sale of CSAPR allowances would flow through the EAC in 2015, if the Board grants IPL's waiver request. IPL asked that the waiver continue until its next emissions plan and budget update is approved and effective, which is anticipated to be January 1, 2017.

IPL said that the standards for waiver contained in 199 IAC 1.3 had been met. First, a strict interpretation of the definitions in subrule 20.1(3) would prohibit IPL from flowing CSAPR-related proceeds back to IPL customers, which would prohibit customers from benefitting from such sales. Therefore, IPL argued that the application of the rule would pose an undue hardship. Second, IPL argued that granting the waiver to allow sales of CSAPR allowances through IPL's EAC would not prejudice the rights of any person, and in fact would benefit customers. Third, IPL noted that the provisions waived are not specifically mandated by statute. Fourth, IPL customers will retain the same protections they enjoy for any charge or credit anticipated or collected under the EAC and will additionally receive the proceeds from CSAPR allowance sales. Therefore, IPL argued that the public health, safety, and welfare will be afforded substantially equal protection if this waiver is granted.

The Board will grant the waiver. Allowing IPL to flow proceeds from the sale of CSPAR allowances to customers like it did the former CAIR allowances benefits ratepayers by reducing the amount charged to customers through the EAC. The standards for waiver contained in 199 IAC 1.3 have been satisfied.

IT IS THEREFORE ORDERED:

The request for waiver filed by Interstate Power and Light Company on September 18, 2015, is granted, effective until January 1, 2017.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Elizabeth S. Jacobs

ATTEST:

/s/ Trisha M. Quijano
Executive Secretary, Designee

/s/ Nick Wagner

Dated at Des Moines, Iowa, this 6th day of November 2015.