

January 23, 2009

IOWA UTILITIES BOARD

STATE OF IOWA

BEFORE THE IOWA UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RN-2009- 0003
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APPLICATION FOR APPROVAL OF NON-STANDARD NOTICES

COMES NOW, Interstate Power and Light Company (IPL) and in support of its application to the Iowa Utilities Board (Board) for approval of non-standard notices, pursuant to 199 Iowa Administrative Code (IAC) 26.5(1)"d"(1), states:

1. IPL is preparing to file an application for increased rates pursuant to Iowa Code § 476.6.

2. In three previous electric rate cases, IPL and its predecessor companies determined it was appropriate to use a non-standard notice because the standard forms of notice in the Board's rules did not exactly fit the company's situation. See Docket Nos. RN-94-13, RN-02-1, RN-02-6 and RN-04-1.

3. The Board, in Docket No. RPU-05-3, "Order on Rehearing," issued June 7, 2006, indicated the notice may not need to be the same for all customer classes or all pricing zones, noting that a bill message may be sufficient for customers who will experience a rate decrease, while lighting customers are likely to require a separate written notification. The Board indicated IPL could ask the Board to consider alternatives to the standard notice for some customers or customer classes.

4. IPL has received customer feedback in prior electric rate case dockets that the breakdown by rates and zones in a large table in the customer notice is often confusing and difficult to follow. Customers expressed a desire to know the impacts specific to their situation in a user-friendly format. The proposed notice addresses this need.

5. IPL received positive feedback for the customer notice in IPL's Energy Efficiency filing, docket EEP-08-1. It is one of IPL's primary objectives for the notices, for its upcoming pending application to increase rates (rate case)), to be as understandable and customer-friendly as possible. IPL's goals for the notices are as follows:

- a. Provide effective notice of IPL's application to increase rates.
- b. Make the notices as understandable as possible for every customer class.
- c. Provide information on how to participate in the rate case process.
- d. Provide access to resources for more information about the rate case for customers via telephone or the internet.

6. IPL believes that the standardized notice, Form B, from 199 IAC 26.5(1), would not adequately meet these goals for customers. Therefore, IPL seeks Board approval for the non-standard notices for the following: Residential , General Service, Large General Service, Large General Service Bulk, and Municipal Lighting customer classes found in Attachments 1 through 5 respectively.

7. The attached notices (Attachments 1 through 5) contain the necessary information in the standard notice form as required by 199 IAC 26.5(1)"d"(3) in order to provide effective notice of IPL's application to increase rates, IPL's stated goal "a" for the notices.

8. To make the notice as understandable as possible, IPL's stated goal for the notices "b", IPL proposes to use five different customer notices, with the notices segmented by customer class. The five customer classes are: Residential, General Service, Large General Service, Bulk and Municipal Street Lighting. These five customer class notices all contain the necessary information in the standard notice form as required by 199 IAC 26.5(1)"d"(3). Additionally, the customer notices for the Residential, General Service, Large General Service, and Bulk customer classes contain the required information for non-metered area lighting service. This allows customers who have non-metered area lighting service along with metered electric service to receive the information required by 199 IAC 26.5(1)"d"(3) since these customers have their non-metered service depicted on their monthly bill along with their metered service..

9. Also included in the proposed notices is a paragraph informing customers of IPL's proposed automatic adjustment rider for costs for transmission service provided to IPL by ITC Midwest LLC (ITC) under rates approved by the Federal Energy Regulatory Commission (FERC).

10. Subparagraph 26.5(1)"c"(3) requires averages used in the standard form to be median averages. Instead, IPL proposes to base its calculations on the arithmetic mean system customer's electricity usage of each class to show the typical bill impact. This the same methodology to calculate the non-median averages approved by the Board in IPL's last revenue electric rate case notice. See Docket No. RN-04-1.

11. The calculation of the median involves time consuming and costly data inputs to produce a result that is likely to be less informative to customers than the use of the mean average. The Board's March 4, 2004 Order in Docket RN-04-1 stated, "The use of mean averages appears to better communicate to most customers the impact of the impending rate case."

12. Instead of calculating the mean average customer usage in each class in each zone, IPL will use the mean average customer usage in each class for the entire IPL system. The rates in the Large General Service, Bulk, Street Lighting and non-metered Lighting classes have been equalized. The use of zone comparisons for these classes would serve little purpose since these customers no longer have zonal based pricing and would lead some customers to believe rates in those classes have not been equalized. For the Residential and General Service classes, IPL will use the mean average customer usage in these classes for the entire IPL system. The differences in the mean average between all zones for the Residential and General Service classes are no longer as significant as in previous rate cases due to the substantial progress that has been made through rate equalization. The mean average for these two classes is shown in Attachment 6 to this filing.

13. IPL expects that the proposed increase in base rates will be uniform across the customer classes. As a result, IPL believes that it is not necessary to include all customer classes in the customer notice. It is expected that the impacts per customer class will not be significantly different.

14. Calculations in the rate case notice based on typical usage by system class will similarly reflect the fact that customers are part of the IPL system and not

served differently because they reside in a different zone. Such an approach more accurately reflects the reality of IPL's electric service. The equalization of the Residential and General Service customer classes is in the final two steps. The fourth step of equalization for these two classes is expected to take place in 2009. IPL will make an update to its filing in Docket No. RPU-08-5 to adjust the fourth step of equalization, as necessary, based on the billing determinants and the resulting end-state prices based upon the upcoming interim rates following the previously approved methodology for rate equalization. The fifth and final step of equalization, as previously determined in Docket No. RPU-04-1, is expected to occur in 2010. These equalization steps are described in IPL's proposed notices to avoid any customer confusion. The language about further equalization has been left generic in order to allow all parties to determine how they might best be implemented in light of the pending electric rate case.

15. Additional information on Consumer Comment hearings is provided in IPL's proposed notice. This additional information helps meet IPL's stated goals "a" and "c" for the notices.

16. IPL believes the information required by 199 IAC 26.5(1)"d"(3) for the notice is critical information for customers. IPL also believes that this information is only one part of the rate case communication process. The required information provides customers with the impacts of a proposed increase in rates as well as the process of a rate case. Customers also request information on the causes for the application to increase rates and ways to help mitigate the impacts of increased rates, IPL's stated goal for the notices, "d" The letter from the President of IPL, Tom

Aller, to be included as part of the proposed notices, helps provide this additional information to customers in one concise, customer-friendly communication. This letter has been part of IPL's previous customer notices, see Docket RN-04-1. IPL will file the rate case explanation letter to be used in the proposed notices, for informational purposes, at a later date. This is similar to the process used in Docket RN-04-1.

17. The print size in the proposed notices in Attachments 1 through 5 will be similar to the font size in IPL's prior notices. This font size is believed to be of adequate size to allow customers to easily read the information in the notices. In fact, the notice will follow the same format as in Docket RPU-04-1. The notice will be printed on 11 inch by 17 inch paper, double-sided. The outside is the mailing panel, page 1 on Attachments 1 through 5. The inside left is the customer letter; the remaining two panels are the specific notice information.

18. In support of IPL's stated goals for the notices, d, IPL will make available information for all customer classes through its Customer Service Center of through the Alliant Energy website. This will allow customers to research information for all customer classes, if desired.

19. As permitted under 199 IAC 26.5(1)"f"(2), IPL intends to mail the notice as a separate mailing to customers, on or before approximately March 17, 2009.

20. IPL anticipates filing its application for increased rates on or about March 17, 2009. Due to the class-specific nature of the proposed notices, it is anticipated that the lead time for printing and processing will be longer than in

NOTICE OF PROPOSED RATE INCREASE

Your customer notice includes:

- Details on the IPL's rate proposal and the potential impact on your bill.
- Ways you can become involved in the rate case.
- Information on energy-efficient ways to potentially reduce the impact of the rate case on your electric bill.



The Rate Case Process

After a thorough investigation, the IUB will order final electric rates that may be different from the electric rates proposed by IPL. The IUB will also determine when the rates will become effective. If the final electric rates are lower than the interim electric rates, IPL refunds the difference to customers with interest. The IUB will approve the method of refund.

You have the right to file a written objection to this proposed increase with the IUB. Requests for public hearings may also be made. All written objections should be addressed to: Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319. Customers may also submit objections by sending an email to iubcustomer@state.ia.us or visiting the IUB's website state.ia.us/iub. The IUB should be provided with any facts that would assist in determining a fair and reasonable outcome to the rate increase request. This information will be made available to the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, which represents the public interest in rate cases before the IUB.

As part of this process, the IUB will host a series of customer comment hearings.

IUB Comment Hearing 1

Address, etc.

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Address, etc.

IUB Comment Hearing 3

Address, etc.

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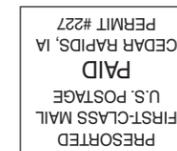
IUB Comment Hearing 5

Address, etc.

Additional customer comments hearings maybe scheduled by the IUB, if necessary.

A written explanation of all current and proposed rate schedules is available by calling customer service at 1-800-ALLIANT (1-800-255-4268) or by sending an e-mail to iowarates@alliantenergy.com. The information will be forwarded to you without charge. Also, if you have any other questions, please contact 1-800-ALLIANT (1-800-255-4268).

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Company explanation for rate case

IPL Rate Case Proposal:

Interstate Power and Light Company (IPL), an Alliant Energy company, is asking the Iowa Utilities Board (IUB) for an increase in IPL's electric rates in Iowa with a proposed effective date of MONTH DATE, 2009. The proposed increase in annual revenues for all customer classes combined will be approximately \$X million or XX.X percent.

The proposed electric rate increase may be docketed by the IUB, which suspends the effective date of the proposed electric rates. IPL expects to implement interim rates, which are subject to refund, in Month 2009.

The effect of the proposed increase on your bill will vary depending upon the type and extent of your usage. The typical monthly increases per customer for your service classification are shown in the following tables:

Proposed interim increase in electric rates*

Residential customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

**Interim rates do not include the impact of Step 4 of the electric rate equalization plan previously approved by the IUB. IPL expects Step 4 to be implemented in 2009 with recalculated rates based upon the interim rate increase. Customers will be notified of any proposed changes in electric rates as a result of electric rate equalization Step 4.*

Proposed final increase in electric rates**

Residential customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

*** The proposed final rates do not include the impact of Step 5 of the electric rate equalization plan previously approved by the IUB. IPL expects Step 5 to be implemented in 2010. Customers will be notified of any proposed changes in electric rates as a result of electric rate equalization Step 5.*

For area lighting customers renting an outdoor area security light from IPL, the monthly rate will be increasing approximately X percent for interim rates and X percent for final rates.

In this case, IPL is proposing a new 'automatic adjustment clause' to reflect future changes assessed by its electric transmission service provider, ITC Midwest. If the new adjustment mechanism is approved by the IUB, any future increases or decreases in transmission charges to IPL would be passed on automatically to IPL customers without further notice and would not be part of the normal rate case process. Expected charges from ITC Midwest for 2009 and 2010 are reflected in the tables above.

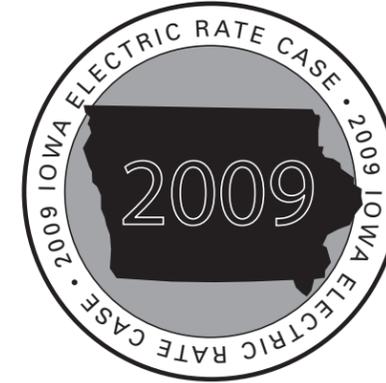
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You have the right to file a written objection to this proposed increase with the IUB. Requests for public hearings may also be made. All written objections should be addressed to: Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319. Customers may also submit objections by sending an email to iubcustomer@state.ia.us or visiting the IUB's website state.ia.us/iub. The IUB should be provided with any facts that would assist in determining a fair and reasonable outcome to the rate increase request. This information will be made available to the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, which represents the public interest in rate cases before the IUB.

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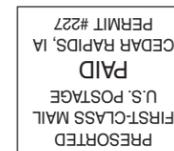
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The proposed electric rate increase may be docketed by the IUB, which suspends the effective date of the proposed electric rates. IPL expects to implement interim rates, which are subject to refund, in late MONTH 2009.

The effect of the proposed increase on your bill will vary depending upon the type and extent of your usage. The General Service customer class is determined by usage and generally comprised of commercial, farm, municipal pumping, and small industrial customers. The typical monthly increases per customer for your service classification are shown in the following tables:

Proposed interim increase in electric rates*

General Service customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

**Interim rates do not include the impact of Step 4 of the electric rate equalization plan previously approved by the IUB. IPL expects Step 4 to be implemented in 2009 with recalculated rates based upon the interim rate increase. Customers will be notified of any proposed changes in electric rates as a result of electric rate equalization Step 4.*

Proposed final increase in electric rates**

General Service customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

***The proposed final rates do not include the impact of Step 5 of the electric rate equalization plan previously approved by the IUB. IPL expects Step 5 to be implemented in 2010. Customers will be notified of any proposed changes in electric rates as a result of electric rate equalization Step 5.*

For area lighting customers renting an outdoor area security light from IPL, the monthly rate will be increasing approximately X percent for interim rates and X percent for final rates.

In this case, IPL is proposing a new 'automatic adjustment clause' to reflect future changes assessed by its electric transmission service provider, ITC Midwest. If the new adjustment mechanism is approved by the IUB, any future increases or decreases in transmission charges to IPL would be passed on automatically to IPL customers without further notice and would not be part of the normal rate case process. Expected charges from ITC Midwest for 2009 and 2010 are reflected in the tables above.

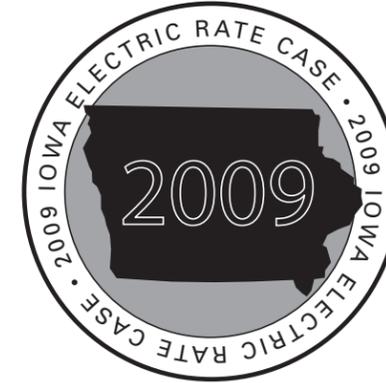
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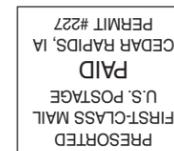
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The proposed electric rate increase may be docketed by the IUB, which suspends the effective date of the proposed electric rates. IPL expects to implement interim rates, which are subject to refund, in late MONTH 2009.

The effect of the proposed increase on your bill will vary depending upon the type and extent of your usage. The typical monthly increases per customer for your service classification are shown in the following tables:

Proposed interim increase in electric rates

Large General Service customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

Proposed final increase in electric rates

Large General Service customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
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For area lighting customers renting an outdoor area security light from IPL, the monthly rate will be increasing approximately X percent for interim rates and X percent for final rates.

In this case, IPL is proposing a new 'automatic adjustment clause' to reflect future changes assessed by its electric transmission service provider, ITC Midwest. If the new adjustment mechanism is approved by the IUB, any future increases or decreases in transmission charges to IPL would be passed on automatically to IPL customers without further notice and would not be part of the normal rate case process. Expected charges from ITC Midwest for 2009 and 2010 are reflected in the tables above.

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You have the right to file a written objection to this proposed increase with the IUB. Requests for public hearings may also be made. All written objections should be addressed to: Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319. Customers may also submit objections by sending an email to iubcustomer@state.ia.us or visiting the IUB's website state.ia.us/iub. The IUB should be provided with any facts that would assist in determining a fair and reasonable outcome to the rate increase request. This information will be made available to the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, which represents the public interest in rate cases before the IUB.

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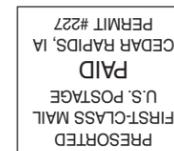
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The proposed electric rate increase may be docketed by the IUB, which suspends the effective date of the proposed electric rates. IPL expects to implement interim rates, which are subject to refund, in late MONTH 2009.

The effect of the proposed increase on your bill will vary depending upon the type and extent of your usage. The typical monthly increases per customer for your service classification are shown in the following tables:

Proposed interim increase in electric rates

Large General Service - Bulk Rate customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

Proposed final increase in electric rates

Large General Service - Bulk Rate customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
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For area lighting customers renting an outdoor area security light from IPL, the monthly rate will be increasing approximately X percent for interim rates and X percent for final rates.

In this case, IPL is proposing a new 'automatic adjustment clause' to reflect future changes assessed by its electric transmission service provider, ITC Midwest. If the new adjustment mechanism is approved by the IUB, any future increases or decreases in transmission charges to IPL would be passed on automatically to IPL customers without further notice and would not be part of the normal rate case process. Expected charges from ITC Midwest for 2009 and 2010 are reflected in the tables above.

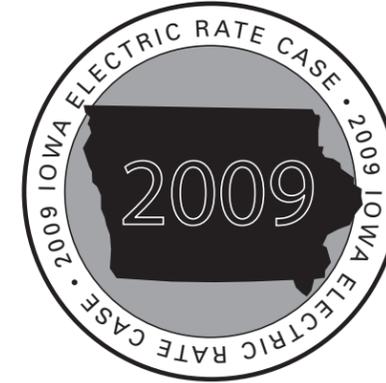
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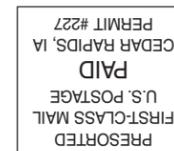
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Proposed interim increase in electric rates

Municipal Street Lighting customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
	+		=		

Proposed final increase in electric rates

Municipal Street Lighting customer class

Typical Monthly Bill	+	Proposed Increase	=	Proposed Typical Monthly Bill	% Increase
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<u>Data by Class</u>	<u>Customers</u>	<u>kWh</u>	<u>Total Revenue</u>	<u>12 month Average Annual Bill</u>	<u>Monthly Average</u>
<u>Residential</u>					
IES - N	214,732	1,912,608,961	\$ 218,196,820.16	\$ 1,016.14	\$ 84.68
IES - S	82,283	880,076,752	\$ 84,616,096.14	\$ 1,028.35	\$ 85.70
IPC	97,182	831,270,465	\$ 88,700,709.99	\$ 912.73	\$ 76.06
	<u>394,197</u>	<u>3,623,956,178</u>	<u>\$ 391,513,626.29</u>	<u>\$ 993.19</u>	<u>\$ 82.77</u>
<u>General Service</u>					
IES - N	45,066	1,272,007,974	\$ 122,317,061.79	\$ 2,714.18	\$ 226.18
IES - S	15,251	383,176,604	\$ 34,316,443.25	\$ 2,250.11	\$ 187.51
IES - SE	605	36,550,242	\$ 3,381,647.73	\$ 5,589.50	\$ 465.79
IPC	21,378	551,452,602	\$ 50,585,709.47	\$ 2,366.25	\$ 197.19
	<u>82,300</u>	<u>2,243,187,422</u>	<u>\$ 210,600,862.24</u>	<u>\$ 2,558.94</u>	<u>\$ 213.25</u>
<u>Lg. General Service</u>					
IES - N	1,212	3,994,155,582	\$ 214,312,419.68	\$ 176,825.43	\$ 14,735.45
IES - S	651	2,023,428,524	\$ 110,717,462.15	\$ 170,072.91	\$ 14,172.74
IPC	1,032	1,788,866,326	\$ 105,573,736.56	\$ 102,300.13	\$ 8,525.01
	<u>2,895</u>	<u>7,806,450,432</u>	<u>\$ 430,603,618.39</u>	<u>\$ 148,740.46</u>	<u>\$ 12,395.04</u>
<u>IPC - Bulk</u>	2	1,259,789,760	\$ 54,537,309.39	\$ 27,268,654.70	\$2,272,387.89