

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

In the Matter of the Joint Petition for
Approval of Transfer of Transmission
Assets of Interstate Power and Light
Company and ITC Midwest LLC

**ORDER DENYING MOTION TO
REQUIRE ADDITIONAL
TESTIMONY AND TO SUSPEND
THE PROCEEDINGS**

On August 3, 2007, the Office of the Attorney General – Residential and Small Business Utilities Division (OAG-RUD) filed a Motion to Order Additional Testimony and to Suspend the Proceedings, requesting an Order:

1. Directing Interstate Power and Light Company (IPL) and ITC Midwest LLC (collectively, Joint Petitioners) to amend the Petition and Direct Testimony filed in Minnesota to include a detailed explanation of how the Alternative Transaction Adjustment filed in Iowa would impact Minnesota ratepayers; and

2. Suspending the procedural schedule set forth in the First Prehearing Order until the Joint Petitioners' amended Petition and amended Direct Testimony have been filed to include an explanation of the Alternative Transaction Adjustment that was submitted in Iowa and to allow the parties an opportunity to review and comment upon the proposals being submitted by Joint Petitioners.

In summary, OAG-RUD learned that the Joint Petitioners had put forward an "Alternative Transaction Adjustment" in the course of parallel proceedings pending before the Iowa Utilities Board. In its Alternative Transaction Adjustment, Joint Petitioners proposed a refund and rate discount, committed to file for no greater than a 50% common equity capital structure in its first Iowa electric retail rate proceeding that would reflect the transmission sale, and agreed that ITC Midwest would not seek recovery through FERC authority for the first \$15 million of transaction costs. In response to a question from the OAG-RUD, the Joint Petitioners conceded that its Alternative Transaction Adjustment, if chosen by the Iowa Utilities Board, would apply to all of IPL's customers, including those in Minnesota. The OAG-RUD asserted that the proposed alternative should be fully presented and explored in the course of this proceeding, and that the current time schedule would not permit full discovery concerning the proposed alternative.

On August 6, 2007, the Joint Petitioners filed their Reply To Motion, objecting to the relief requested by the OAG-RUD. In essence, they stated that the Alternative Transaction Adjustment, as proposed in Iowa, was put forth in the course of that proceeding to address concerns raised therein. It asserted that it would not be appropriate to offer an alternative in Minnesota until the parties' initial testimony was filed and it had an opportunity to determine what concerns, if any, were raised in that testimony. It also argued that the OAG-RUD had a copy of the Alternative Transaction Adjustment since July 11, 2007, providing an opportunity to address it in the testimony filed on August 6, 2007. Furthermore, the Joint Petitioners asserted, the Alternative Transaction Adjustment would provide additional benefits to Minnesota rate payers. Rather than affecting the impact on ratepayers or eliminating the transaction adjustment, it asserted that the Alternative Transaction Adjustment offered an alternative method for sharing net proceeds with customers. Moreover, the Iowa Utilities Board had not reached a decision, and its decision would not bind the Minnesota Public Utilities Commission.

On August 14, 2007, the Municipal Coalition filed a Memorandum in support of the OAG-RUD's Motion, and the Department of Commerce filed its response to the motion.

Based on the files herein, and for the reasons set forth in the accompanying Memorandum, incorporated herein,

IT IS HEREBY ORDERED:

1. The OAG-RUD's Motion to Order Additional Testimony and to Suspend the Proceedings is DENIED.

2. The deadline to file and serve objections to Rebuttal Testimony shall be extended to **August 23, 2007**.

Dated this 15th day of August, 2007

/s/ Beverly Jones Heydinger
BEVERLY JONES HEYDINGER
Administrative Law Judge

MEMORANDUM

In the course of a proceeding as complex and with as much at stake as there is here, it is likely, and perhaps probable, that alternatives will be proposed and explored. The OAG-RUD is correct that such alternatives should be well-understood if they are to play a critical part in the proceeding. However, if the timetable is rewritten each time an alternative is presented, it would be difficult for the case to proceed to hearing. Rather than delay the hearing, the parties should proceed.

As the Joint Petitioners stated, testimony is still being filed in this matter, and there is still opportunity to cross-examine the witnesses. The Prehearing Order issued on July 5, 2007, contemplated that new information might be included in Rebuttal Testimony and permitted witnesses to respond to any new matters raised in Rebuttal Testimony through direct examination by counsel at the hearing. The deadline to object to Rebuttal Testimony was mistakenly set for the same day as Rebuttal Testimony is due to be filed, and will be extended to assure that the parties have the opportunity to file objections prior to the hearing.

If it becomes apparent prior to or at the hearing that there is insufficient information to provide the Minnesota Public Utilities Commission with a complete record concerning the specifics of the proposed asset transfer, the OAG-RUD or any other party may make a motion to supplement the record and/or to continue the hearing to more fully develop the record on an important issue.

B. J. H.