

REBUTTAL TESTIMONY

of

**Dianna Hathhorn
Accountant**

**Accounting Department
Financial Analysis Division
Illinois Commerce Commission**

Interstate Power and Light Company

**Petition for Approval of Sale of Utility Assets pursuant to Section 7-102;
Approval of the Discontinuance of Service pursuant to 8-508; Cancellation
of Tariffs pursuant to 9-201 of the Public Utilities Act; and the Granting of
all other Necessary and Appropriate Relief.**

Docket No. 05-0835

July 11, 2006

1 Witness Identification

2 Q. Please state your name and business address.

3 A. My name is Dianna Hathorn. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 Q. Have you previously filed testimony in this proceeding?

6 A. Yes, my direct testimony is ICC Staff Exhibit 1.0R.

7 Purpose of Testimony

8 Q. What is the purpose of your rebuttal testimony in this proceeding?

9 A. The purpose of my testimony is to address Interstate Power and Light
10 Company's ("IPL" or the "Company") rebuttal testimony of Mr. Peter
11 Shatrawka and Jo-Carroll Energy, Inc.'s ("Jo-Carroll" or "JCE") rebuttal
12 testimony of Mr. Michael W. Hastings.

13

14 Q. Have you included any attachments as part of your rebuttal testimony?

15 A. Yes, I have included Attachment A, IPL Response to Staff Data Request
16 MES-IPL 2.04.

17

18 IPL Witness Shatrawka

19 Q. Beginning page 6, line 13 of IPL Exhibit PS-2, Mr. Shatrawka discusses a
20 number of your recommendations regarding over- and under-recoveries
21 resulting from the final FAC, PGA and coal tar reconciliations for IPL. How
22 do you respond to Mr. Shatrawka's concerns?

23 A. These recommendations all relate to what will happen if there is an over- or
24 under-recovery in each of the three reconciliations mentioned above. In
25 the interest of moving forward in the instant proceeding, Staff proposes that
26 these specific issues be addressed in the future reconciliation dockets
27 rather than this proceeding. As such, the specific facts relevant to each
28 reconciliation proceeding would be considered by the Commission.
29 Furthermore, there may be no under-recoveries at all, or the under-
30 recoveries may be so small that IPL chooses not to collect them.

31

32 JCE Witness Hastings

33 Q. At JCE Ex. 3.0, page 10, beginning on line 205, Mr. Hastings discusses
34 your direct testimony regarding IPL's and Jo-Carroll's future coal tar
35 liability. How do you respond?

36 A. Mr. Hastings is correct that I am not a lawyer, and I did not intend to
37 present a legal opinion in my testimony. I recognize that the provisions in
38 the Asset Purchase Agreement ("APA") represent the actual transfer of
39 liabilities, and, in fact, stated that Paragraph 2.4 of the APA addresses

40 IPL's retained liabilities. However, I also referenced IPL's response to
41 Staff Data Request MES-IPL 2.04, in which IPL witness Lawrence J.
42 White states that "JCE will assume any and all environmental liabilities
43 associated with both FMGP sites and for any coal tar sites to be identified
44 in the future resulting from operations prior to the date of the sale." (See
45 Attachment A, IPL Response to Staff Data Request MES-IPL 2.04) I
46 believe that if contrary to IPL's data request response IPL has retained
47 some liability for the coal tar sites as Mr. Hastings states, it should be
48 explained by IPL and/or JCE, not Staff.

49

50 Q. Does this conclude your prepared rebuttal testimony?

51 A. Yes, it does.

**Response of
Interstate Power and Light Company
to
ILLINOIS COMMERCE COMMISSION
Data Request No. MES - IPL 2.04**

Docket Number: 05-0835
Date of Request: February 17, 2006
Response Due: March, 9 2006
Information Requested By: Mary Selvaggio
Date Responded: March 8, 2006
Author: Larry White
Author's Title: Mgr Regulatory Pricing
Author's Telephone No.: (608) 458-3933
Witness: (If other than Author)

Data Request No. MES - IPL 2.04

In regard to the Company's response to data request MES – IPL 1.06(d) regarding the liability for future coal tar clean up, provide clarification as to whether the Company or the purchaser will have the liability for the future coal tar clean up costs for currently identified coal tar sites or any coal tar sites to be identified in the future resulting from operations prior to the date of the sale. To provide further clarification, will the purchaser have any responsibility toward the clean-up of any currently identified coal tar sites?

Response

IPL owns one currently identified FMGP site in Savanna. No cleanup has been done, however, a Phase 1 study has been performed on the Savanna site. IPL also did a Phase 1 study related to a FMGP site in Galena, for which IPL believes it has no liability. JCE will assume any and all environmental liabilities associated with both FMGP sites and for any coal tar sites to be identified in the future resulting from operations prior to the date of the sale.