

**Response of  
Interstate Power and Light Company  
to  
OFFICE OF CONSUMER ADVOCATE  
Data Request No. 14**

Docket Number: EEP-08-1  
Date of Request: May 16, 2008  
Response Due: May 23, 2008  
Information Requested By: Jennifer Easler  
Date Responded: May 23, 2008  
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Subject: Low Income Programs  
Reference: Kimberly G. King Testimony, Page(s) 5, line 4-17  
2009-2013 Energy Efficiency Plan, Page(s) 82-83,

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How much money will it take to “aggressively” market and promote the low income programs (*i.e.*, Weatherization, Multifamily and Institutional Efficiency Improvements) to not only continue funding the programs at the 2004-2008 Plan budget level, but to reach the targets set in the 2008-2013 Plan?

**Response**

Traditional marketing approaches (direct mail, bill inserts, mass media, etc.) are not particularly effective and are not relied upon by IPL for increasing participation in low income programs. IPL has been and will continue to use two approaches that are more effective.

First, a direct, hands-on approach via the Community Action Program (CAP) Agencies has proven to be very effective for IPL. Agency representatives have the unique benefit of meeting face to face with clients and are adept at directing IPL customers to programs that will allow them to take steps toward becoming more energy efficient. IPL intends to rely heavily on that relationship to market all low income programs, particularly the new low income program, Targeted Residential Energy Efficiency Opportunity, (TREEO). Utilizing this “marketing channel” is considerably less expensive than traditional marketing approaches. Tables 4.12 and 4.13 reprinted below are from IPL’s proposed Energy Efficiency Plan filed April 23, 2008, in Docket No. EEP-08-1. As noted in the tables, the proposed advertising and promotion budgets comprise less than one percent of the overall low income budgets over the course of the five-year plan.

Second, significant and new incentives are also a means of aggressively marketing a program. This is particularly true for the TREEO program, in which IPL proposes funding 90 percent of the energy efficiency improvements in the homes of limited income lowans. IPL believes this approach is rightly characterized as aggressive and will play a significant role in achieving energy savings in the low income programs throughout the 2009-2013 Energy Efficiency Plan.

**Table 4.12 Low Income Savings, Costs and Cost Effectiveness – Electric**

| <i>Benefit/Cost Component</i>      | Plan Year               |              |             |              |           | Total       |
|------------------------------------|-------------------------|--------------|-------------|--------------|-----------|-------------|
|                                    | 2009                    | 2010         | 2011        | 2012         | 2013      |             |
| No of Participants                 | 2,980                   | 3,129        | 3,286       | 3,450        | 3,622     | 16,467      |
| Energy Savings (kWh)               | 2,310,281               | 2,464,496    | 2,626,991   | 2,796,731    | 2,974,751 | 13,173,250  |
| Capacity Savings (kW)              | 334                     | 356          | 380         | 404          | 430       | 1,904       |
| Total Societal Cost                | \$611,109               | \$673,821    | \$741,173   | \$815,016    | \$893,885 | \$3,735,003 |
| Participant Cost Net of Incentives | \$9,003                 | \$14,094     | \$19,636    | \$25,612     | \$32,077  | \$100,421   |
| Direct Utility Costs               | \$602,106               | \$659,727    | \$721,537   | \$789,404    | \$861,808 | \$3,634,582 |
| Planning and Design                | \$25,000                | \$25,000     | \$25,000    | \$25,000     | \$25,000  | \$125,000   |
| Program Administration             | \$60,000                | \$64,000     | \$68,000    | \$73,000     | \$78,000  | \$343,000   |
| Advertising and Promotion          | \$2,000                 | \$2,000      | \$2,000     | \$2,000      | \$3,000   | \$11,000    |
| Incentives                         | \$514,106               | \$567,727    | \$625,537   | \$687,404    | \$753,808 | \$3,148,582 |
| Monitoring and Evaluation          | \$1,000                 | \$1,000      | \$1,000     | \$2,000      | \$2,000   | \$7,000     |
| <b>Cost-Effectiveness Analysis</b> |                         |              |             |              |           |             |
|                                    | Stakeholder Perspective |              |             |              |           |             |
|                                    | Societal                | Participant  | Utility     | RIM          |           |             |
| NPV Benefits                       | \$12,037,089            | \$6,634,165  | \$9,074,298 | \$9,074,298  |           |             |
| NPV Costs                          | \$3,377,337             | \$79,195     | \$3,124,485 | \$10,945,488 |           |             |
| <b>Benefit-Cost Ratio</b>          | <b>3.56</b>             | <b>83.77</b> | <b>2.90</b> | <b>0.83</b>  |           |             |

**Table 4.13 Low Income Savings, Costs and Cost Effectiveness – Natural Gas**

| <i>Benefit/Cost Component</i>      | Plan Year               |              |              |              |             | Total        |
|------------------------------------|-------------------------|--------------|--------------|--------------|-------------|--------------|
|                                    | 2009                    | 2010         | 2011         | 2012         | 2013        |              |
| No of Participants                 | 948                     | 996          | 1,045        | 1,098        | 1,152       | 5,239        |
| Savings (therms)                   | 240,368                 | 252,944      | 265,782      | 279,668      | 293,816     | 1,332,578    |
| Capacity Savings (peak day therms) | 2,145                   | 2,257        | 2,371        | 2,495        | 2,622       | 11,890       |
| Total Societal Cost                | \$2,477,396             | \$2,683,276  | \$2,898,926  | \$3,134,827  | \$3,382,461 | \$14,576,887 |
| Participant Cost Net of Incentives | \$39,979                | \$54,854     | \$70,552     | \$88,021     | \$106,406   | \$359,812    |
| Direct Utility Costs               | \$2,437,417             | \$2,628,422  | \$2,828,374  | \$3,046,807  | \$3,276,056 | \$14,217,075 |
| Planning and Design                | \$25,000                | \$25,000     | \$25,000     | \$25,000     | \$25,000    | \$125,000    |
| Program Administration             | \$360,000               | \$385,000    | \$411,000    | \$440,000    | \$470,000   | \$2,066,000  |
| Advertising and Promotion          | \$12,000                | \$13,000     | \$14,000     | \$15,000     | \$16,000    | \$70,000     |
| Incentives                         | \$2,033,417             | \$2,197,422  | \$2,369,374  | \$2,557,807  | \$2,755,056 | \$11,913,075 |
| Monitoring and Evaluation          | \$7,000                 | \$8,000      | \$9,000      | \$9,000      | \$10,000    | \$43,000     |
| <b>Cost-Effectiveness Analysis</b> |                         |              |              |              |             |              |
|                                    | Stakeholder Perspective |              |              |              |             |              |
|                                    | Societal                | Participant  | Utility      | RIM          |             |              |
| NPV Benefits                       | \$16,890,931            | \$11,116,341 | \$12,297,731 | \$12,297,731 |             |              |
| NPV Costs                          | \$13,202,211            | \$286,962    | \$12,249,312 | \$25,951,853 |             |              |
| <b>Benefit-Cost Ratio</b>          | <b>1.28</b>             | <b>38.74</b> | <b>1.00</b>  | <b>0.47</b>  |             |              |