

**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 20**

Docket Number: EEP-08-1
Date of Request: June 11, 2008
Response Due: June 18, 2008
Information Requested By: Ben Stead
Date Responded: June 18, 2008
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Subject: Natural Gas Transportation Customer Eligibility

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The Board has expressed its commitment to the continuation of aggressive energy efficiency programs already in place and to the development of new plans to further increase savings to customers and reduced natural gas consumption from increased energy efficiency.

In light of these objectives, please explain why natural gas transportation customers on Interstate Power and Light Company's system should not be eligible for and contribute funding to Interstate's energy efficiency programs?

Response

Natural gas transportation customers have not been eligible for and have not paid for IPL's energy efficiency programs, because the Iowa Administrative Code specifically excludes revenues from the sale of transportation service in its definition of "gross operating revenues" and the Board in Docket No. RMU-90-27 defined gross operating revenues and specified that contributors to gross operating revenues are the entities who participate in energy efficiency programs and pay for the programs through the energy efficiency cost recovery factors. "Order Adopting and Filing Rules on an Emergency Basis," issued on March 15, 1991, in Docket. No. RMU-90-27.

According to Chapter 35 of the Iowa Administrative Code, Utilities Division [199], "*Transportation volume*" means the volume of natural gas flowing through the utility's distribution system which is not owned or sold by the utility' and "*Gross operating revenues*" means all revenues from intrastate operations includable in the operating revenue accounts of the prescribed uniform system of accounts **except**:

1. Provisions for uncollectible revenues;

2. Amounts included in the accounts for interdepartmental sales and rents;
3. Wholesale revenue;
4. Revenues from the sale of natural gas used as a feedstock by customers; and
5. **Revenues from the sale of transportation service.**' (emphasis added)

Therefore, in compliance with the Administrative rules, IPL has historically not included natural gas transportation customers in its cost recovery for energy efficiency programs and these customers do not participate in IPL's energy efficiency programs.

IPL remarks that on November 5, 2007, the Board issued an order in Docket No. SPU-04-1, In re: Iowa Joint Utility Management Program, Inc., directing IPL to file a proposed permanent small volume gas transportation tariff to replace the existing Small Volume Gas Transportation Pilot Project tariff (Pilot Project). In the November 5, 2007, order, the Board directed that the proposed tariff include additional provisions including customers taking service under the tariff would pay the same energy efficiency cost recovery (EECR) factor they would pay as system customers and they would be allowed to participate in energy efficiency programs offered by IPL.

As such, IPL small natural gas transportation customers, whose usage does not exceed 25,000 therms in any billing month and does not exceed 100,000 therms in any consecutive 12 month period, are eligible for and begin contributing to IPL's energy efficiency programs. Effective June 1, 2008, these newly eligible small natural gas transportation customers, on rate codes 720, 920, 950, 960 and 970, are charged the Energy Efficiency Cost Recovery Charge.