

**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 13**

Docket Number: EEP-08-1
Date of Request: May 15, 2008
Response Due: May 22, 2008
Information Requested By: Jennifer Easler
Date Responded: May 22, 2008
Author: Bob Holmes
Author's Title: Sr Regulatory Planning Cons
Author's Telephone No.: (319) 786-4605
Subject: Electric Generation Capacity Avoided Cost
Reference: EEP Application, Volume II, Appendix G

Data Request No. 13

Please provide the following information:

- A. List of measures that did not pass the Societal B/C ratio test in the IPL's EEP study.
- B. List of measures that would pass the Societal B/C ratio test if the generation unit's installation year is changed to the end of 2008.
- C. An inflation rate of 1.5% and a technical change of 1% per year were used in the calculation of the inflation-adjusted levelized avoided cost (\$113.76/kw-year). Please provide the following:
 1. The capacity avoided cost without inflation or technical change adjustments;
 2. List of additional measures (from "A") that would become cost effective if the capacity avoided cost without inflation or technical change (from "a") is adopted.

Response

Responses to parts A through C are below:

A. The measures that did and did not pass the societal test in IPL's economic screening are presented in the files titled

- "OCA 13A Equipment Measure Data.xls" and
- "OCA 13A Non-equipment and Stacked Measures_Alliant_110907.xls."

These two files are provided electronically on a CD to reduce the volume of paper required to respond to this question. A paper copy of the non-equipment file would be approximately 1,000 pages. Additionally, these files were provided earlier to the OCA by Scott Dimestrosky of Cadmus (f.k.a. Quantec) via emails dated October 12, 2007, and November 9, 2007, respectively. Whether a measure is cost-effective or not is denoted by a 1 (pass) or 0 (fail) in each file. For instance, the binary pass/fail variable is included in column M in the equipment measure data file for the residential electric measure tab. The cost-effectiveness analyses in these two files are based on the avoided costs used for the potential study distributed by Cadmus to interested parties on February 15, 2008, and included in Appendices J and K of IPL's Application in Iowa Utilities Board (Board) Docket No. EEP-08-1 (Application) filed on April 23, 2008. The measures that become cost-effective when the avoided costs were updated for the Application are presented in Tables 2.13 and 2.14 of the Application. Please note in the two tables that all measures that became cost-effective are in IPL's proposed programs with the exception of one measure. That measure is being evaluated for inclusion. See IPL's Application, page 40, for more discussion of this matter.

B. IPL objects to Data Request 13.B to the extent the request is unduly burdensome and overly broad and requests information not generally maintained in the ordinary course of business in the manner in which it is requested requiring the creation of a document. Without waiving said objection, IPL answers as follows:

IPL does not possess the results of the particular scenario that the OCA requests in this question. IPL believes, however, the measures that would pass the societal cost-effectiveness test under this scenario would be very limited and that those measures are included in IPL's proposed plan. As provided in IPL's response to Part A of OCA Data Request No. 12, the impact on IPL's avoided costs of this scenario would be very small; in the neighborhood of one-half of 0.1 percent. In contrast, when the avoided costs were increased far more—see Table 2.9 of the Application—the number of measures that became cost-effective is nominal and those measures are in IPL's proposed plan—see Tables 2.13 and 2.14 of the Application.

C. IPL objects to Data Request 13.C subparts 1 and 2 to the extent the request is unduly burdensome and overly broad and requests information not generally maintained in the ordinary course of business in the manner in which it is requested requiring the creation of a document. Without waiving said objection, IPL answers as follows:

Regarding a scenario in which there is no inflation and no technical progress:

1. The impact on generation capacity cost is shown in Table 1 below. Table 1 presents selected base case avoided costs as taken from Appendix G, page 30 of 34, of IPL's Application, and the corresponding values when page 30 is revised for the posited scenario. As shown in Table 1, the impact on avoided costs would be *de minimis* in this scenario, only \$1.59/kW-year, or 1.6 percent. The impact would be even less significant when evaluated against the fact that generation costs are approximately 60 percent of total capacity costs. (See Appendix G, page 28 of 34, top box, mid case, generation cost of \$113.76 and total cost of \$184.05, and \$113.76 is 61 percent of \$184.05). So the impact on total capacity costs would be slightly more than one-half of 1.6 percent.

Table 1. With and Without Inflation and Rate of Technical Progress					
Line No.	Description	Selected Data (1)		Impact of Change	
	a	b	c	d	e
		with	Without		
1	Average Generation Economic Annual Cost, 2009-2018,\$/kW-year	\$ 88.40	\$ 89.79	\$ 1.39	1.6%
(1) Column b data are from Appendix G, p. 30. Column c data are from assuming the capacity cost inflation rate of 0.0% (0.0% capital cost inflation rate net of 0.0% rate of technical change).					

2. IPL does not possess the results of the particular scenario posed by the OCA in this Data Request. IPL believes, however, the measures that would pass the societal cost-effectiveness test under this scenario would be very limited and that those measures are already in IPL's proposed plan, for the same reasons as cited in IPL's response to Part B above.