

**Response of  
Interstate Power and Light Company  
to  
OFFICE OF CONSUMER ADVOCATE  
Data Request No. 3**

Docket Number: EEP-08-1  
Date of Request: April 30, 2008  
Response Due: May 7, 2008  
Information Requested By: Ben Stead  
Date Responded: May 7, 2008  
Author: Lisa Pucelik  
Author's Title: Product Manager  
Author's Telephone No.: (319) 786-4283  
Subject: Economic Slowdown and/or Recession  
Reference:

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**Data Request No. 3**

- A. Please provide a complete quantitative and qualitative explanation of how each of IPL's proposed residential programs will be adversely impacted by the national, regional and/or local economic slowdown and/or recession.
- B. Please provide a complete quantitative and qualitative explanation of how IPL intends to respond to (A) above. Please provide a copy of all documentation associated with this response.

**Response**

- A. It is the belief of Dr. Hossein Haeri of The Cadmus Group Inc. (formerly known as Quantec LLC), the consulting firm that assisted IPL in the preparation of IPL's plan, that the current economic conditions could adversely affect the IPL plan performance. Dr. Haeri writes to IPL (See Attachment A) in response to this data request "that the current slowdown in the national and local economies would likely have an adverse affect on investments in capital and durable goods in general across both residential and most non-residential sectors, particularly manufacturing. In the residential sector, these macroeconomic conditions, coupled with the credit "crunch" we are facing will likely lead residential customers to forego, or at least defer, investments in capital items such as remodeling or upgrades to energy systems and appliances."

Dr. Haeri continues, "Economic theory also suggests that it would be reasonable to expect that greater uncertainty and erosion of confidence, if not actual loss of disposable income due to possible unemployment would induce greater and

more widespread adoption of low-cost energy conservation measures and short-term behavior change, particularly with more intensive awareness and education campaigns, above the already aggressive initiatives in the proposed Plan.” He concludes, “these [increased low-cost] steps are unlikely to compensate for the potential loss of saving potentials resulting from lower adoption of capital intensive measures.”

- B. IPL expects, based on Dr. Haeri’s conclusions above, that if there is a slowdown, it will be cyclical in nature, and hopefully moderate and short term, that is, not severe and not continuing for the life of the five-year plan. If necessary, IPL will take steps to intensify the proposed Plan’s already aggressive outreach, education and training initiatives. Additionally, an increased marketing focus on the Low Interest Financing program may further help encourage the adoption of energy efficiency practices.

**Pucelik, Lisa**

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**From:** Hossein Haeri [Hossein.Haeri@cadmusgroup.com]  
**Sent:** Tuesday, May 06, 2008 11:14 AM  
**To:** Pucelik, Lisa  
**Cc:** Eli Morris  
**Subject:** Data Request # 3

Lisa,

Below please find my responses to Parts A and B, Data Request # 3, April 30, 2008 (Docket EEP-08-01)

- A. The current slowdown in the national and local economies would likely have an adverse affect on investments in capital and durable goods in general across both residential and most non-residential sectors, particularly manufacturing. In the residential sector, these macroeconomic conditions, coupled with the credit "crunch" we are facing will likely lead residential customers to forego, or at least defer, investments in capital items such as remodeling or upgrades to energy systems and appliances.
- B. Economic theory also suggests that it would be reasonable to expect that greater uncertainty and erosion of confidence, if not actual loss of disposable income due to possible unemployment, would induce greater and more widespread adoption of low-cost conservation measures and short-term behavior change, particularly with more intensive awareness and education campaigns, above the already aggressive initiatives in the proposed Plan. However, these steps are unlikely to compensate the potential loss of saving potentials resulting from lower adoption of capital intensive measures.

Regards,

Hossein Haeri, Ph.D.  
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