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KRISTA K. TANNER, BOARD MEMBER
DARRELL HANSON, BOARD MEMBER

January 14, 2008

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HOUSE OF REPRESENTATIVES

The Honorable Jo Oldson
Chair
House Appropriations Committee
State Capitol Building
LOCAL

Dear Representative Oldson:

Iowa Code § 476.66(6) requires the Iowa Utilities Board to submit an annual report to you on the status of utility customer contribution funds. These funds were created to accept voluntary contributions from utility customers to supplement federal weatherization and energy assistance funds to low-income households.

Legislation requiring all natural gas and electric utilities to establish customer contribution funds was adopted in 1988 and implementation began in 1989. Annual reports summarizing each fund's activities from July 1 through June 30 are filed with us each year by September 30. The attached report summarizes those submissions for last year.

If we can provide any further information, please contact Joan Conrad, our legislative liaison, at 515.229.4771.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Norris".

John R. Norris
Chairman

Attachment: Customer Contribution Fund Annual Report

cc: ✓ Mark Brandsgard, Chief Clerk of the House
House Appropriations Committee Members

350 MAPLE STREET / DES MOINES, IOWA 50319-0069 / 515.281.5979 / FAX 515.281.5329
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HOUSE OF REPRESENTATIVES

Very truly yours,
[Signature]

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IOWA UTILITIES BOARD
Energy Section

TO: The Board
FROM: Ellen Shaw, Wes Bridgeman
DATE: November 5, 2007
SUBJECT: 2007 Fiscal Year Customer Contribution Fund Report

I. Background/Analysis:

This report is for the Customer Contribution Fund (CCF) for the fiscal year 2007, starting on July 1, 2006 and ending on June 30, 2007. There are three sources that contributed to the CCF. The CCF for the fiscal year consists of contributions of \$1,493,934, and disbursements of \$2,439,814. The contributions and distributions shown in this CCF report are reported as two separate activities and therefore are not reconciled. Each source of the CCF is discussed below.

1. Pursuant to 199 IAC 19.15(5) and 20.15(5), on or before September 30, each utility shall file with the Iowa Utilities Board (Board) a report of all CCF activity for the previous fiscal year. The report shall contain an accounting of the revenues collected, the expenses, and the distributions of the fund. All utilities filed reports. The attached annual report information is summarized below.

	Investor Owned	Municipals	RECs	Total
Customers Contributing	12,228	1,416	1,512	15,156
Total Funds Contributed	\$790,301	\$88,983	\$42,523	\$921,806
Total Funds Distributed	\$474,660	\$85,239	\$33,490	\$593,389
Families Assisted	2,618	701	302	3,621
Average Per Family	\$181	\$122	\$111	\$164

2. MidAmerican Energy Company (MidAmerican). On December 23, 2005, the Board issued an order in Docket No. RPU-91-5 that approved a settlement agreement between MidAmerican and the Office of Consumer Advocate dated December 12, 2005. The agreement amended Article VI that set out the principles of the settlement. MidAmerican anticipated that after payment of the bills for services rendered in the clean up of former

manufactured gas plant sites, there would be about \$2.5 million in remaining insurance proceeds.

The amendment entitled "2005 Principals of Settlement" states: "...upon approval of this Settlement Agreement, the remaining proceeds shall be directed by the Board for disposition to MidAmerican customers as the Board deems appropriate. One such disposition would be for the Board to authorize MidAmerican to return these amounts to its I-CARE Account to be distributed to community action agencies ("CAP Agencies") in proportion to the number of MidAmerican gas customers in each agency's Iowa service area, with the CAP Agencies directed to use the insurance proceeds to supplement the heating bill assistance provided by the Low-Income Home Energy Assistance Program (LIHEAP)."

MidAmerican's amended CCF report for fiscal year 2006 showed that it provided \$3,319,475 to the I-CARE program, and CAP Agencies distributed \$1,547,287. MidAmerican's CCF report for fiscal year 2007 shows that an additional \$1,399,847 was distributed to 4,316 families, for an average of \$324 per family. As monies continue to be distributed, the CAP Agencies estimated the balance to be \$275,000 by November 1, 2007, for distribution during the 2007-8 heating season.

3. Interstate Power and Light Company (IPL) previously filed two waiver requests with the Board. The first waiver was filed on September 28, 2005, identified as Docket No. WRU-05-46-150. In this filing, IPL requested a waiver of the energy adjustment clause (EAC) rules so that it could flow through the EAC a one-time cash payment of \$1.33 million, which represents IPL's share of a settlement of claims against the U.S. Department of Energy regarding uranium enrichment. The waiver request was left pending.

The second waiver request was filed on October 17, 2005, identified as Docket No. WRU-05-47-150. The request was for a one-time waiver of the EAC rules to allow IPL to sell excess 2005 sulfur dioxide (SO₂) allowances through a broker and replace them with 2006 and 2009 SO₂ allowances. The price differential between the costs of the allowances sold and purchased was positive, and IPL would return the gain to customers in Iowa, Minnesota, and Illinois, consistent with jurisdictional allocation. IPL requested that the Iowa jurisdictional share of the price differential, approximately \$2.9 million, be returned to customers through the EAC or some other mode as determined by the Board. On October 20, 2005, the Board granted the waiver to allow the sale and purchase of allowances, but said it would determine the disposition of the price differential at a later time.

On January 9, 2006, the Board issued the "Order Directing Disposition of Funds" concerning the uranium enrichment settlement, Docket No. WRU-05-46-150, and SO2 allowance cost differential, Docket No. WRU-05-47-150. Bulk Power and Large General Services class customers would receive their portion of the funds through the EAC because these amounts were substantial. Because of the challenges on residential customers presented by the winter of 2005-2006, IPL was directed to deposit the residential portion of the funds into its Home Town Care Energy Fund (HTCEF). The HTCEF portion of the refunds was to be distributed to CAP Agencies in the Iowa service area, with the CAP Agencies directed to use the proceeds to supplement the energy bill assistance provided by existing programs for IPL customers.

IPL's CCF report for fiscal year 2006 showed that it provided \$1,872,234 to the HTCEF, and CAP Agencies distributed \$1,833,356. IPL's CCF report for fiscal year 2007 shows that IPL provided an additional \$572,128 to HTCEF, and CAP Agencies distributed \$446,578 to 1,524 families, for an average of \$293 per family.

II. Recommendation

It is recommended that the legislative liaison prepare a letter for the Board to sign submitting the attached annual statewide summary of the fund results that is to be provided to the appropriate committees of the general assembly as required by Iowa Code section 476.66(6).

The letter should also address the Board's order in Docket No. RPU-91-5 issued December 23, 2005, and the Board's order in Docket Nos. WRU-05-46-150 and WRU-05-47-150 issued January 9, 2006.

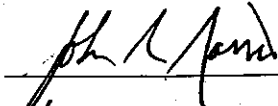

RECOMMENDATION APPROVED:

IOWA UTILITIES BOARD

Attachment

/wb

CC: Standard Distribution
Joan Conrad

	11-8-07
_____	Date
	11-7-07
_____	Date
_____	Date

**CUSTOMER CONTRIBUTION FUND
ANNUAL REPORT
For the Fiscal Year Ended June 30, 2007**

	INVESTOR-OWNED UTILITIES	MUNICIPAL UTILITIES	RURAL ELEC. COOPERATIVES	TOTAL
CONTRIBUTIONS:				
Number of Customers Contributing	12,228	1,416	1,512	15,156
Customer Contributions Collected	\$452,853	\$74,988	\$42,578	\$570,418
Matching Contributions Collected	\$337,448	\$13,895	\$0	\$351,343
Total Contributions Collected	\$790,301	\$88,983	\$42,523	\$921,806
Reimbursable Expenses (FN-1)	\$0	\$1,056	\$297	\$1,353
NET CONTRIBUTIONS	\$790,301	\$87,927	\$42,225	\$920,453
EXPENSES:				
Advertising	\$3,005	\$10,297	\$1,226	\$14,527
Admin. & General Salaries	\$10,086	\$3,760	\$1,900	\$15,747
Office Supplies & Expenses	\$0	\$2,876	\$552	\$3,429
Supervision - Labor & Expenses	\$0	\$2,990	\$949	\$3,939
Customer Records and Collections:				
Mailing	\$0	\$1,272	\$393	\$1,666
Printing	\$70	\$2,023	\$1,233	\$3,326
Publication	\$168	\$2,201	\$147	\$2,516
Total Expenses	\$13,329	\$25,420	\$6,400	\$45,149
Reimbursable Expenses	\$0	\$1,056	\$297	\$1,354
NET EXPENSES	\$13,329	\$24,364	\$6,103	\$43,796
FUND DISTRIBUTION:				
Weatherization Program	\$4,116	\$7,025	\$933	\$12,074
Heating Assistance Payments	\$467,860	\$58,889	\$22,981	\$549,730
Other Programs	\$2,685	\$19,325	\$11,868	\$33,878
TOTAL FUNDS DISTRIBUTED	\$474,660	\$85,239	\$33,490	\$593,389
Estimated Number of Families Assisted	2,618	701	302	3,621
Average Amount	\$181	\$122	\$111	\$164

NOTES TO THE REPORT:

FN-1: Each utility is allowed to keep 5 percent of annual contributions to defray operating expenses.