



IOWA ASSOCIATION OF MUNICIPAL UTILITIES

Comments on behalf of the Iowa Association of Municipal Utilities
LIHEAP Interim Committee
October 11, 2006

The Iowa Association of Municipal Utilities is a non-profit organization whose members include 550 Iowa communities. Our members operate the state's 49 municipal gas utilities and 136 municipal electric utilities whose citizen-owners are among those served by the Low Income Home Energy Assistance program. LIHEAP is critically important to low-income Iowans. Given the volatility of natural gas prices in the current market and increasing costs for electricity, adequate funding of LIHEAP is essential.

IAMU and our national affiliates, the American Public Power Association (APPA) and the American Public Gas Association (APGA), are active supporters of the LIHEAP program at the federal level. We are especially grateful for the leadership that Senators Grassley and Harkin have provided in securing LIHEAP funding over the years.

Increased funding of LIHEAP is not the only thing that can ease the financial pain faced by many Iowans during the winter heating season. Some things are outside the reach of the Iowa legislature, but deserve your attention. For example, there is considerable evidence that much of the price volatility in natural gas is tied to unregulated speculative trading in the gas market. Recent examples of market abuse include the \$6 billion in hedge fund losses by Amaranth Advisors and the collapse of the \$430 million MotherRock hedge fund. The lack of market transparency and government oversight that these cases illustrate can and should be corrected by Congress. IAMU supports recent recommendations of the American Public Gas Association, which is leading an effort to get Congress to require large trader position reporting to the Commodity Futures Trading Commission. A copy of APGA's letter to the Committee on Agriculture is attached to our comments (see Attachment 1).

At the state level, much more can be done to improve the energy efficiency of our housing stock. For new buildings, energy efficiency standards should be enforced and strengthened. For existing buildings, utilities need to do more to promote energy efficiency and weatherization. Our association and its members are stepping up their activities on this front. Our board of directors has made energy efficiency a top priority in our current work plan and a number of programs are underway. These include the recent completion of a sophisticated evaluation tool to help utilities choose programs that best address local needs.

Some municipal utilities have sustained extensive energy efficiency programs for many years. Cedar Falls Utilities began in 1963 with the introduction of a customer newsletter that contained tips for saving energy. In 1973 the utility established and staffed an Energy Services Section to provide direct assistance to customers – services that have been reducing demand for electricity and gas for well over 30 years.

Every other year, municipal utilities file with the Iowa Utilities Board a summary of the energy efficiency programs they have completed in the prior two years and their plans for the next two years. I have attached to my remarks a copy of the executive summary of the report filed by Cedar Falls. I specifically call your attention to programs designed to aid low-income residents, including the utility's participation in Operation Threshold, which provides weatherization measures and replaces heating and cooling equipment in homes of eligible citizens. Cedar Falls Utilities has invested just over \$38,000 in this program over the last two years. The utility also provides interest-free loans for many energy efficiency measures. In 2005 it made loans in excess of \$70,000.

The City of Ames plans a substantial expansion of energy efficiency programs. Ames recently completed a comprehensive analysis of their system to identify the programs that make the most sense there. The utility has put together a package of programs that call for spending of \$400,000 over the next budget year. Ames and Cedar Falls offer just two examples of how municipal utilities are investing in energy efficiency. There are many others. To mention just one other, Waverly Light & Power has been granted a waiver from the obligation to file a two-year plan with the IUB by demonstrating exceptional and sustained programs that improve energy efficiency in the homes and businesses in its service area.

While improving energy efficiency lowers costs for all our citizens, directing energy efficiency benefits to low-income Iowans is not easy. It requires programs that target rental property. There we frequently encounter resistance from property owners who often find little benefit in investing in energy efficiency. We have been trying for some time to develop a pilot project that identifies the least efficient appliances in a community and then offers options for replacing them, including the option of having the utility install and own the furnace or energy efficient appliance, leasing it back to the customer for a portion of the energy savings that result from replacement. This is a complicated program that takes the cooperation of the property owner, as well as acceptance by what is often a series of renters. We are also trying to identify programs that have worked in other states and there have been some preliminary discussions with the state's investor-owned utilities about coordinating energy audit programs.

Osage Municipal Utilities is gearing up for the Iowa Weatherization Challenge. The utility is training its employees to install weatherization measures in eligible residences. The measures include setback thermostats, water heater insulation, window film, outlet insulators, faucet aerators, low-flow showerheads, and additional attic insulation.

Municipal utilities have also addressed the needs of low-income citizens by leveraging Community Development Block Grants. For example, the City of Pocahontas has used grants and city funds totaling nearly a million dollars to help low and moderate income homeowners make home improvements, such as added insulation and replacement of

furnaces, water heaters, windows, and doors. Thirty-three homes have been upgraded through this program in Pocahontas.

Voluntary customer contribution plans also provide supplemental funding for low-income Iowans. Municipal utilities all offer customers a chance to contribute to a low-income assistance program, such as Project Share, which our association developed in 1988. Recognizing that these programs could be generating more revenue, the IUB recently opened an inquiry into how to increase contributions. One immediate result is the commitment to a collaborative process among municipals, investor-owned utilities and rural electric cooperatives.

Eligibility for LIHEAP also entitles Iowa residents to the protection of the winter shut-off moratorium. This is a huge issue for many of our members. In 2003, the Iowa Utilities Board was considering changes to the disconnection of service rules that apply to gas and electric utilities. In response to a data request from the Office of Consumer Advocate, IAMU surveyed our members. The responses show that in some communities as many as 10 to 20 percent of customers do not pay their bills by the date due. Most of these bills eventually are paid, but uncollectible accounts are an increasing problem. In one community, uncollectible accounts were over 10 percent of total revenue. I have included with my written remarks some representative examples of the problems some of our members reported concerning bill payments and bad debt (see attachment 3). To the extent that customers can't or won't pay their bills, the shortfall must be reflected in the rates of those who do. Often it is the low-income elderly who shoulder a disproportionate burden for these added costs.

Abuse of the LIHEAP-related shut-off moratorium is the exception; not the rule. Nevertheless, there is good evidence that the system is abused. We recommend that LIHEAP-eligible customers be required to make minimum monthly payments for their utility service. We understand that federal guidelines are available for calculating that minimum payment at the time eligibility is certified. If customers paid as little as \$10 a month, it would have a small positive impact on the rates of others and it would have a big impact on the perception – whether real or imagined – that many Iowans are abusing the protection offered by the shut-off moratorium.

I was uncertain about the specific issues the committee wanted me to address this afternoon, so I have touched on several LIHEAP-related topics. I would be happy to answer your questions about these or other topics.

Respectfully submitted,

Robert Haug
Executive Director



AMERICAN PUBLIC GAS ASSOCIATION

October 2, 2006

Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition and Forestry
U.S. Senate
Washington, D.C. 20510

Honorable Tom Harkin
Ranking Democrat
Committee on Agriculture, Nutrition and Forestry
U.S. Senate
Washington, D.C. 20510

Dear Chairman Chambliss and Ranking Democrat Harkin:

As I am sure you are aware, Amaranth Advisors hedge fund recently reported that it had approximately \$6 billion dollars in losses as a result of large speculative positions taken in natural gas commodity derivatives for months into the future. This follows the collapse of the \$430 million dollar hedge fund MotherRock, operated by former NYMEX President Bo Collins. APGA believes that the excessive volatility created by the activities and subsequent fallout of these hedge funds further supports the need for greater transparency in natural gas trading.

APGA is the national, non-profit association of publicly-owned natural gas distribution systems. APGA was formed in 1961, as a non-profit and non-partisan organization, and currently has approximately 650 members in 36 states. Publicly-owned gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

The Amaranth incident highlights the ongoing impact that unregulated and unlimited speculative trading can have on the natural gas market. The media has reported that Amaranth held large speculative positions in natural gas for months into the future and they also apparently traded heavily in price spreads between the summer and winter seasons. The positions they held were excessive and the unwinding of these positions has led to even more volatility in a market already plagued by volatility for many years. These actions may have kept prices inflated for many years into the future, and, although the market is correcting and prices are falling, the effects will be felt by the American public.

A hedge fund manager stated in a recent Washington Post article on Amaranth's losses that "No one got hurt except sophisticated people." APGA believes that nothing could be further from the truth. American consumers are supplied by utilities that utilize hedging programs to stabilize natural gas costs. Prudent utilities did not wait until the end of summer to fix prices for the coming winter. Thus, they fixed the

price of portions of their winter gas requirements (likely a majority) well before the hedge fund fallout sparked a drop in prices. Large industrial end users behave in a similar fashion. Consumer confidence in natural gas markets continues to disintegrate as a result of excessive price swings.

The simple fact is that currently the vast majority of natural gas derivatives are traded without government oversight. While the Commodity Futures Trading Commission (CFTC) monitors trading of natural gas contracts cleared through the NYMEX, it receives very limited information regarding trading of natural gas derivatives on the Intercontinental Exchange or on the over the counter market where tens of thousands of trades are placed every day.

APGA believes that Congress must give the CFTC the authority to collect information concerning all positions held by the largest traders in the natural gas derivatives market and not just positions cleared through the NYMEX Exchange. Natural gas contracts (like most commodities) are susceptible to manipulation because the deliverable supply of natural gas is often small relative to the size of the derivatives positions held by large traders. Therefore, it is important that the government be able to monitor large positions to detect and prevent any squeezes or manipulations. Natural gas and other energy markets have a somewhat unique situation because of the vastness of the unregulated over-the-counter market compared to other commodities. The Amaranth and MotherRock fallouts highlight the need for regulators to understand and have access to more data to monitor the natural gas market. We also feel a speculative position limit that crosses over both exchange traded and OTC derivatives would help deter speculative interests from taking excessive positions.

Without comprehensive large trader position reporting, the government is currently handicapped in its ability to deter market misconduct. For example, wash trading--where a trader takes large offsetting positions with the intent to send misleading signals on supply or demand to the market-- is very difficult to uncover, if the government only receives information concerning positions taken in one segment of the total market. Similarly, trading activities or other actions intended to distort the price reporting process cannot be detected or deterred when the government is receiving no information concerning the trading in question. These are just a few examples of the need for position reporting to allow the CFTC to protect the proper functioning of the markets. Without giving the government the tools to prevent manipulation, market users and consumers of natural gas, who depend on the integrity of the natural gas market, cannot have the confidence in those markets that the public deserves.

The minimal costs associated with this increased transparency are far outweighed by the benefits that will be provided in terms of consumer confidence. Therefore, APGA urges Congress to take action now to protect the interests of natural gas consumers by increasing transparency in the entire natural gas market and extending appropriate limits on speculative trading to include the over-the-counter market.

Sincerely,


Bert Kalisch
President & CEO

Executive Summary

Cedar Falls Utilities is proud of its long-lasting tradition to promote the energy efficient use of its utility services. This effort started in 1963 with the introduction of a customer newsletter publication that contained energy efficiency tips and related articles for CFU patrons. In 1973 an Energy Services Section was organized and more intensive programs were devoted to directly assisting customers with the management of their energy costs. Today, 33 years later, these daily efforts continue, and new programs are being introduced to keep pace with the changing technology of energy management.

CFU filed its first formal energy efficiency plan with the Iowa Utilities Board in 1992. This plan describes and attempts to quantify the energy efficiency programs, which are an integral part of the CFU service offering to its customers. Cedar Falls Utilities has a mission statement that states that its objectives are "To be the provider of choice as a community – owned utility partnered with our customers to continually improve their quality of life." This comprehensive CFU energy efficiency plan fully meets the mission statement and is an outline of CFU's commitment to the future success of its customers.

The foundation of the CFU Energy Services Section is its convenient availability to customers and its willingness to provide technical and informational assistance concerning any energy usage problem. Customers are able to come to CFU Energy Services and receive free or low-cost services that will enhance their ability to be more energy efficient in their homes or business. Examples are the home energy survey, the draft detector service (blower door checks), energy code compliance, security lighting service, informational publications, community tree planting, commercial lighting retrofits and school group programs. New service ideas and innovations are constantly being evaluated and studied of possible implementation.

Calculating the energy savings that can be attributed directly to these varied programs is difficult, but a concerted effort is made as part of this plan to fully document this benefit. CFU understands that there are both demand-side and energy services, which are vitally important to the customers and to the financial future of Cedar Falls Utilities. The charts in the back of this plan document outline these benefits in the suggested detail

Customer activity during 2004 and 2005 continues to be very strong in the energy services section. Staffing in CFU Energy Services has been adjusted to three full-time employees and one part-time student employee.

Many challenges are anticipated in the future for CFU Energy Services, as the quest to better serve customers becomes increasingly important. The staffing and expenditure commitment by CFU remains firm in its dedicated effort to assist customers in using local energy resources more efficiently and effectively. The energy future of Cedar Falls, Iowa is at stake.

Existing Programs & Services

Good Cents Home Program

Program/Service Description

CFU is licensed to award the Good Cents certification for local homes, which meet specific energy efficiency design criteria. This includes the proper sizing of the home's central heating and air conditioning unit, with approved energy efficiency ratings. A Good Cents national certification means that the minimum requirements have been met in the areas of

air infiltration, insulation, duct design and installation, water heating, and overall thermal performance of the home structure.

Program Benefits

There are benefits that apply to the homeowner, builder or contractor and to CFU. Lower energy costs, greater comfort, increased home value and the mark of quality construction are all realized in a Good Cents home. Qualifying customers will be eligible for a 20% electric rate discount for four years if the home is heated by gas. If the home is heated by electricity, a 20% electric rate discount for two years will apply. CFU benefits from the conservation of energy resources, reduced peak electrical demand through improved thermal performance and properly sized energy efficient air conditioning equipment.

Annual Gas Furnace Checks

Program/Service Description

CFU offers a free annual heating system inspection for both residential and commercial natural gas customers. A CFU Gas Service Technician performs the equipment inspection with an emphasis on safety and operating efficiency. This includes a visual check and necessary testing of the burner, pilot or igniter and related controls. Referrals are made to local HVAC dealers if permanent part repairs are needed.

Program Benefits

This popular annual inspection service provides both efficiency and safety benefits to CFU customers. There is some energy savings that result here, although difficult to quantify, that occur from the burner and control adjustments. Also, the benefits of a complete energy efficient furnace replacement are well documented.

Community Tree Planting Program

Program/Service Description

CFU will be continuing its \$20,000 annual commitment, starting in 2002, to fund this highly successful community tree-planting program. A citizens committee called Cedar Falls TREES has been organized and coordinates the various aspects of this volunteer effort. Over 1,300 trees were planted during 2004-2005. The most successful aspect of the program continues to be the Gift-A-Tree offer, where CFU funds a portion of the qualifying tree cost for a customer participant. City neighborhoods may apply for this funding support and are assisted by the TREES committee and CFU in accomplishing these tree plantings.

Program Benefits

Whenever possible, these shade trees are planted in locations where they will provide the maximum energy efficiency benefit for the customer. Shade trees also add to the general forest cover of a community and provide significant environmental benefits as well. CFU has focused on funding assistance for mature shade tree plantings, instead of supporting seedling distribution.

Energy Code Compliance Checks

Program/Service Description

CFU has partnered with the City of Cedar Falls to provide enforcement of the Model Energy Code of Iowa. CFU Energy Services reviews each set of new house plans for compliance with this state building code, along with on site insulation inspection. A computer software program has been established for this task. A local building permit will not be issued until this energy analysis has been completed and approved by CFU staff. This code requires the inclusion of numerous energy efficiency features in a home.

Program Benefits

Many communities in Iowa are struggling with a way to effectively enforce this energy efficiency code. CFU and the City of Cedar Falls have achieved an ideal partnership, which also provides an excellent contact opportunity for customers and contractors building new homes. There are notable energy savings benefits, plus the correct sizing of the heating/air conditioning equipment is accomplished as a part of the compliance check by CFU. The contact is an ideal time to interest the customer in participating in the Good Cents Home program. Starting in early 2001, insulation inspections were added to all homes as a final step to insure the proper installation of the insulation to ensure CF homes meet the minimum state code.

Commercial/Industrial Energy Efficiency Incentives

Program/Service Description

CFU has incentives that are offered to CFU commercial and industrial customers for implementing energy efficiency measures in their businesses. The list of eligible items would encompass anything that has a peak reduction and coincides with CFU's peak demand. This is also a good complement to our Key Accounts program.

Program Benefits

Commercial and Industrial customers will be encouraged to implement these energy saving measures since CFU refunds a portion of the investment cost. Lower energy bills and reduced electrical demand will benefit both the customer and CFU. This incentive program is an excellent means of establishing a closer working relationship with this customer group in the Key Accounts program.

CFU Financing (Formerly Conservation City)

Program/Service Description

After the University of Northern Iowa grant with Iowa Department of Natural Resources expired in 2002 as part of Conservation City, CFU elected to continue the program with some small changes. The main changes were the removal of the "action audits" but continues as a "walk-thru audit" in a stand along program. CFU also ceased the co-funding of the Energy Educator. Another change to the program was the expanding of the interest-free on the utility bill financing from \$1,000 to

\$2,000, eligible items must meet minimum efficiency standards. In 2005 CFU loaned over \$70,000 dollars.

Program Benefits

The interest free financing is a good tool for customers that may not have ready cash to make improvements with little impact to their monthly utility bill. Notable energy savings are the results of the continuation of this community program.

Air Conditioning Sizing Service

Program/Service Description

CFU instituted this incentive program in 1999 with great success. The correct sizing of a central air conditioning unit is crucial to its effective operation in cooling a structure. The kilowatt demand it places on the CFU electric system is also directly related to correct unit sizing. CFU Energy Services has been successful in accomplishing this through the implantation of computer software, and actual customer case histories have supported its sizing accuracy. The customer receives a \$200 rebate if they follow minimum efficiency levels and agree to CFU's maximum sizing requirement.

Program Benefits

Customer benefit from the lower operating costs and improved comfort levels, due to the increased efficiency gained through a properly sized air conditioning unit. CFU's advantage is lower kilowatt demand through the properly sized equipment. Contractors and installers also benefit from improved customer satisfaction with the replacement air conditioning unit.

Forced Air Natural Gas Furnace Incentive

Program/Service Description

This Program has demand side management goals similar to the Good Cents and A/C change-out programs. The correct furnace sizing is to be done by trained CFU personnel and recommendations for a mid-to-upper 90% efficient forced natural gas air furnace, equipped with an ECM (D/C) motor, will be made. The main purpose of this program is to encourage customers to purchase furnace models with an ECM (D/C) motor. The ECM uses about one-fourth to one-third the electrical energy as a conventional (A/C) blower motor. The customer receives a \$200 rebate if they follow minimum efficiency levels and agree to CFU's maximum sizing requirement.

Program Benefits

Customer benefit from the lower operating costs and improved comfort levels, due to the increased efficiency gained through a properly sized furnace.

Ground Source Heat Pump/Air Source Heat Pump Incentive Program

Effective August 1, 2004, incentives for Ground Source Heat Pumps (GSHP) and Air Source Heat Pumps (ASHP) which can be applied to new construction or existing homes are now available.

	CFU Natural Gas	CFU Natural Gas
	Available	Not Available
ASHP (14 SEER or greater)	\$100 per ton	\$150 per ton
GSHP (14 SEER & COP 3.0 or greater)	\$350 per ton	\$400 per ton

This incentive is designed to help customers with the initial cost of the unit, which in effect lowers the payback time on the unit. This is advantageous to the utilities because geothermal heat pumps lower the peak demand, raise winter base load, reduce emissions and save natural resources.

“Low Income” Home Improvement Program

Monthly utility bills can be challenging for families on a limited income. In an effort to assist these families, CFU has teamed up with the City of Cedar Falls to offer household improvements that increase home efficiency and save money on utility costs.

Personnel from Operation Threshold, the Cedar Falls Developmental Services and Cedar Falls Utilities review Operation Threshold’s heating assistance applications and recommend a family(s) to the Energy Conservation Program advisory panel. The advisory panel then selects a household(s) to apply funding where the need is the greatest.

A number of families qualify for Operation Threshold assistance but since the money serves four counties, there are not enough funds to help everyone.

In order to qualify for weatherization improvements, you must be a homeowner and meet the yearly income guidelines for their situation. Landlords, renters or owners of mobile homes do not qualify for this program. The applicant must agree to own and occupy the property for at least three years following the completion of the work.

Since the inception in 2004 through 2005, 12 homes have been affected of improvement as simple as adding insulation to the replacement of the heating & cooling equipment. The dollars invested in these projects over the past two years is just over \$38,000.00.

Energy-Efficient Appliance Incentives

Program/Service Description

To encourage the to customer purchase energy efficient appliances, CFU is offering a rebates for clothes washers, dishwashers and refrigerators. In March of 2004 CFU made changes to our incentive levels, Refrigerators that exceed minimum federal energy standards by 15% qualify for a \$100.00 rebate (old unit must be turned into dealer), dishwashers that exceed minimum federal energy standards by 30% receive a \$25.00 rebate and clothes washers that have a minimum Modified Energy Factor (MEF) of 1.42 receive \$50.00.

In 2005, CFU discontinued offering an incentive for clothes washers and dishwasher. Also CFU reduced the incentive for Energy Star qualified refrigerators to \$75.00 (old unit must be turned into dealer to receive rebate).

Program Benefits

The energy-saving benefits to CFU and the participating customers have been well documented. Retailers who handle this type of energy-saving equipment also benefit from the assistance of CFU in promoting this energy efficient equipment.

Air Conditioning Tune-up Promotion

Program/Service Description

Local air conditioning contractors and dealers are contacted annually in April by CFU to participate in an air conditioning tune-up promotion. A service special is advertised by CFU in its publications and advertising (it was \$51.95 in the year 2005). The tune-up special is available for a limited time each year, with the goal that customers will avoid any equipment operating problems during the warm weather months.

Program Benefits

When an air conditioning unit is properly maintained and adjusted, it will operate more efficiently. This benefits both the customer and CFU through lower energy costs and, in some cases, a lower peak demand. Contractors are very supportive of this program and full participation has been achieved in recent years. By doing this preventative maintenance work in the spring, annoying hot weather service calls are frequently avoided and a higher customer satisfaction level is achieved.

Home Energy Audits/Blower Door/Thermal Camera/Flow Hood

Program/Service Description

CFU offers a variety of home audit services, ranging from a simple check of the home's attic insulation (i.e. walk-through) to a comprehensive energy audit. An outside air infiltration test can be accomplished with the use of a blower door unit. In 2000, CFU added a new tool to the services available, an infrared camera to help search for problem areas. CFU is often consulted regarding excessive moisture and condensation problems. Simple consultations are provided free of charge.

CFU has also added a flow hood to its list of service offerings. Through the year Energy Services receives comfort complaints that are directly contributed to the duct system not delivering the appropriate amount of conditioned air for the space requirements. With the use of airflow measuring devices staff will strive to improve the amount of conditioned air being supplied to specific areas. This program is offered to residential and small commercial customers. CFU will offer this as a fee based service.

In the fall of 2004 the natural gas industry was predicting drastically higher fuel cost, as way to assist help our customers the CFU Board of Trustees granted the waving of the fees for the above services.

Program Benefits

Customers appreciate the independent consultation from CFU, who do not sell any merchandise or home improvement services. Significant energy and demand-side savings have resulted from the numerous cost-effective measures implemented by homeowners. Contractors frequently request a blower door test for new homes they are building to check the overall thermal integrity of the structure. CFU has established a solid reputation in the community for its knowledgeable energy consulting assistance.

Security Lighting Service

Program/Service Description

CFU offers its customers two separate security lighting opportunities using energy efficient lighting equipment. The first is the traditional pole-mounted outdoor light, for use in larger applications. High-pressure sodium vapor lighting is available with a 100-, 250-, 400-watt

bulb. A monthly rental charge is applied, which covers normal installation and any required maintenance of the lighting fixture. The second option is an ornamental post light, using a 35-watt high-pressure sodium lamp, and is available to customers with convenient payment terms. A local electrician completes the yard light installations for customers. Both of these security lighting programs have been extremely popular, because of the convenience and the quality of the merchandise that is offered.

Program Benefits

Energy efficient lighting applications help solve customer security concerns. The lower energy costs, longer lamp life and higher level retention are all benefits which are realized by using the sodium vapor lighting alternative. This service allows the customer to install lighting equipment at a lower cost than could be accomplished by using private contractors or installers.

Gold Plus Program

Program/Service Description

A Gold Plus program has been established for CFU senior customers (age 62 and older) and customers with disabilities to receive special energy efficiency services at no charge. These services include the home energy audit series and free annual gas furnace checks. Other related services that are included in the Gold Plus package are a delayed billing date, third party notification assistance, priority service restoration for life support equipment and special pricing to relocate utility meters outside.

Program Benefits

Senior Citizens and customers with disabilities benefit directly from the programs provided under Gold Plus. This program also makes participation in CFU energy efficiency opportunities a more feasible option for fixed income households. The average age of CFU customers is increasing and the Gold Plus program is designed to serve this growing market.

Group Education Programs

Program/Service Description

CFU conducts ongoing group education programs in local schools and for community organizations. The most impressive example is CFU's sponsorship of the Iowa Energy Poster Contest, which is conducted in all the elementary schools. Over 1,500 student entries were submitted in the spring of 2005, and the school and citywide winners were recognized. A "live" electrical safety demonstration is widely presented in area schools and for community groups, and stresses the importance of staying away from power lines and electric facilities. Group tours of the Streeter Station Power Plant are given frequently to interested youth organizations to help describe the local production of electrical energy.

Program Benefits

The value of public education with respect to energy efficiency and to electric safety is significant to future CFU customers. This is particularly true with school-age children, who can be effectively impacted about the importance of energy conservation and electric safety. The assistance provided by CFU to the affected teachers has also resulted in some long-term educational benefits and cooperation.

CFU Customer Communications

Program/Service Description

Since 1962, CFU has made it a priority to effectively deliver energy conservation messages to customers. This is accomplished in a variety of ways, including newspaper ads, radio messages, informational folders, CFU web site, and the monthly customer newsletter. The ONLINE newsletter has proved to be the most effective communication media used, because it is read regularly by a majority of CFU customers.

Program Benefits

By using a variety of media resources, CFU has effectively reached customers with important energy conservation messages. CFU customers have a high awareness of how energy efficiency measures can be accomplished as the result of these long-term communication efforts. Customer surveys are used periodically to measure the readership of the CFU communication effort, and appropriate changes are made in response to the survey results.

Natural Gas Fueled Vehicles

Program/Service Description

CFU has three service vehicles that use compressed natural gas as their primary fuel. A slow-fill station is available at CFU. This is the initial step in establishing community leadership in encouraging the use of this more economical fuel for fleet applications

Program Benefits

Compressed natural gas has lower operating costs than gasoline and is a cleaner burning fuel. This benefits both the community and the customer through energy savings and the more favorable environmental impact. Technology seems to limit this application to fleet vehicles for the present time due to the limited number of fill stations that are available.

Home Builder Workshops

Program/Service Description

CFU periodically sponsors special workshops for the area homebuilders, HVAC installers and related home construction specialists. Local builders are allowed to attend free of charge and some comprehensive manuals are provided to all attendees. These events are cosponsored with Waverly Light & Power, a neighboring municipal utility. In February of 2005 Cedar Falls Utilities and Waverly Light and Power had Mark LaLiberte a national known Building Specialist presented to over 40 participants.

Program Benefits

Local building professionals benefited from the presentation of this innovative energy-saving information and have put some of these ideas into practice. The interaction between CFU and this group has been improved, plus the ideas shared between building contractors have been quite beneficial. Some notable energy savings have resulted because of the improved knowledge of practical energy-saving construction techniques.

Energy Fair

Program/Service Description

CFU held its first "Energy Fair" in the fall of 1999, which has since continued to grow. This one-day event was designed to involve Cedar Falls business that offers energy efficient

home equipment. CFU also used this event to showcase the resources and services that the Energy Services department is offering customers.

In 2005 CFU had an exceptional turnout of over 1,300 people that attended this 5 hour event. CFU will continue to hold the event in the coming years as long as the participation from vendor and customers are favorable.

Program Benefits

The energy fair is an opportunity to demonstrate the various types of energy efficient equipment and services to CFU customers. Personal interaction with several hundred customers in the primary benefit, plus the opportunity to thank CFU customers for their ongoing support. Relationships with local appliance dealers and product suppliers are also strengthened.

Programs and Services under Consideration

Photo Voltaic Array (Solar Panel) Installation

CFU would be looking to partner with the local school systems to provide 1000-watt panel with grid inter-ties for little or no charge to the school. This program would provide schools with a working model to develop curriculum for educational purposes.

“Demand” Water Heater Incentive

Much of the energy wasted in water heaters is done so during its stand by phase. This program is proposed to aid in this deficiency by offering customers an incentive for purchasing “Demand” water heater units.

As part of a 2004 IUB inquiry concerning the board's shut-off moratorium rules, the Office of Consumer Advocate asked IAMU to survey our members. We received a number of very interesting comments along with the survey responses. A selection of these comments from around the state follows:

From a small municipal electric utility in north central Iowa:

*Our municipal electric utility has just 250 customers. About 50 of these are commercial accounts. We have a total population of 431, most of whom are elderly and live on a fixed income. As we slowly lose our older residents, their homes are being purchased for use as rental property. Renters are looking for affordable housing, which we seem to have in abundance, so we are becoming a "bedroom community" for people whose jobs are in neighboring cities. It has become increasingly difficult to collect outstanding utility bills, as most renters live here for a short period of time, and do not leave a forwarding address when they leave. In such cases, service is disconnected after the customer leaves and is reestablished by the owner of the property. The next renter pays the utility deposit, and the process is repeated over and over. The amount of uncollectible debt we experience puts a tremendous strain on our other customers, as ultimately they must pay a higher rate to make up for unpaid and delinquent bills. **Our annual electric department budget is \$326,000.00. Delinquencies exceed \$30,000.00, most of which will never be paid.***

A municipal utility in Western Iowa responded with this note:

*Our utility has approximately 160 rental units in our service territory. We are a bedroom community for a nearby city that has two packing plants. We average around 160 12-day notices for overdue utilities on a monthly basis. In other words, over 20 percent of our customers do not pay their bills on time. **We write off \$10,000 to \$14,000 dollars a year in bad debt on utilities.** We average about 19 customers a year who run up bills during the winter moratorium and skip town on the first of April. We have pursued these bad accounts through small claims with a limited amount of success. Some of these people are pros and skipping on bills. They know the disconnect laws better than we do. We do use payment agreements and end up with the same result. They skip town. The only sure way of collecting or at least not continuing to run up the balance is through disconnection. I understand what the change in rules is intended to accomplish but it doesn't work that way. The older people with fixed income pay their bills, even if it means going without other necessities. They are the ones that are harmed when the rules allow others to escape their obligation.*

This was the response from a utility in south central Iowa:

We are a community of 917 residents, with a total of approximately 400 residential customers. Each month 95-100 of these customers are sent disconnection notices after the due date. After the 12-day period, 7-10 are posted with a 24 hour

*disconnection notice. **In 2003 we had a total of \$1,227.47 in delinquent accounts written off.** Most of these will never be collected. The majority is from rental properties and a group of low-income apartments. Our total outstanding delinquent accounts that are under 5 years old stand at \$15,207.68. Those over 5 years are more than double that amount.*

An eastern Iowa utility submitted this:

Collection is becoming a full time job because of tenants who are continually delinquent on utilities. On average, we bill 1,400 customers monthly. Of these an average of 123 do not pay on time and are sent 12-day notices. Final notices and posting is required for 42. Many of these move out when the property is posted

*I have been the billing clerk at our utility for 18 months and I find that many customers seem to know the rules better than I do. From my experience many tenants in our town seem to change apartments like they change their clothes. **Our delinquent account balance accumulated over several years is \$49,000 or about \$35 per residential customer. Most of that will not be recovered.** Our customers must be treated fairly, but some work the system and therefore put more burden on the others.*