

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  SMALL VOLUME GAS TRANSPORTATION	DOCKET NO. NOI-98-3
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**ORDER REQUIRING DRAFT TARIFFS**

(Issued August 8, 2000)

The Utilities Board (Board) established this docket on December 28, 1998, to hold workshops for the development of competitive markets for transportation of natural gas to small volume end-users. Plans to provide transportation service to small volume end-users had been filed by all natural gas utilities pursuant to the provisions of 199 IAC 13(4)"f." By order issued March 3, 2000, the Board dismissed all of the plans, finding that the plans did not provide a satisfactory means to open the natural gas market to small volume gas end-users. In that order the Board determined that removal of barriers to competition would best be accomplished by each public utility filing company-specific tariffs. Based upon this finding, the Board allowed interested parties the opportunity to comment regarding the procedure to follow to design the tariffs.

Comments were filed by IES Utilities Inc. and Interstate Power Company (Alliant), MidAmerican Energy Company (MidAmerican), the Consumer Advocate Division of the Department of Justice (Consumer Advocate), the Iowa Association of

School Boards (IASB), United Cities Gas Company, a Division of Atmos Energy Corporation (United Cities), the Iowa Association of Municipal Utilities (IAMU), Peoples Natural Gas, Division of UtiliCorp United Inc. (Peoples), and Otter Tail Energy Services Company (OTESCO).

Although some comments were received concerning other issues, the Board at this time will address only those comments which are directed to the process of filing tariffs to remove barriers to transportation of natural gas by small volume gas end-users. Comments were received from Alliant, Consumer Advocate, and IAMU supporting reconvening workshops to develop a model tariff. MidAmerican proposed that the removal of barriers in the natural gas market should be coordinated with the opening of the electric markets to competition and recommended that workshops should be established to address both tariff and legislative issues. United Cities, Peoples, and IASB propose that the tariffs for each utility be addressed separately. OTESCO supports the intermediate approach, the comprehensive development of each issue, as described by Board staff and attached to the Board's order of March 3, 2000.

Based upon a review of the comments and consideration of the prior workshops, the Board finds that the most effective way to move the process forward is to have each utility file draft tariffs in this docket for Board review. The Board finds that the draft tariffs, rather than formal tariffs, will allow the parties flexibility in resolving any outstanding issues. The Board recognizes the contribution that workshops provide to this type of process, but based upon the results of the prior

workshops, finds that there are significant areas where utility-specific solutions are necessary. The utilities should keep in mind the areas of agreement that were accomplished by the workshops in formulating the draft tariffs.

The Board finds that I-JUMP pilot project tariffs provide an existing workable model for the draft tariffs. The I-JUMP tariffs address the critical issues necessary to implement a program and should make it economically attractive for small volume end-users to participate in the transportation of natural gas. Using the I-JUMP tariffs as a model should allow the utilities to implement small volume gas transportation in the shortest amount of time.

The use of I-JUMP tariffs as a model should also provide for sufficient uniformity to allow for the development of a competitive market. The Board finds that a significant barrier to a competitive market is the administrative fee charged by each utility for transportation service. The Board addressed this issue in 199 IAC 19.13(4)"e"(1) by requiring that "administrative fees shall be no higher than customer charges" for small volume transportation service. The customer charge is the recurring monthly service charge set for each firm-service customer class. The Board realizes that customer charges may not cover the costs incurred to provide the small volume transportation service. As an interim solution, until the issue can be addressed in a rate case, the Board will waive 199 IAC 19.13(4)"e"(1) to allow administrative fees up to those approved in the current I-JUMP tariffs.

An additional problem may arise with the requirement in 199 IAC 19.13(4)"e"(5), that the utility must offer to bill for the marketer. Under the I-JUMP tariffs, the utility bills the marketer and the marketer bills the end-user. The Board will waive the requirement in 199 IAC 19.13(4)"e"(5) that the utility offer "single billing from the utility which includes the marketer's gas costs."

The draft tariffs filed by each utility should include a provision that marketers and aggregators shall have obtained a certificate from the Board before they will be allowed to serve small volume gas end-users. The Board has published proposed rules establishing requirements for certification, and is currently receiving comments on those rules. Those rules will implement the provisions of Iowa Code Supplement sections 476.86 and 476.87. The promulgation of those rules and the approval of tariffs should provide an opportunity for competition in the transportation of natural gas to small volume gas end-users.

**IT IS THEREFORE ORDERED:**

1. Natural gas utilities shall file draft tariffs in Docket No. NOI-98-3, which implement transportation of natural gas to small volume end-users and which are consistent with this order.
2. The draft tariffs shall be filed within 60 days of the date of this order.
3. Notwithstanding 199 IAC 19.13(4)"e"(1), natural gas utilities filing draft tariffs may include administrative fees for small volume gas transportation end-users up to current administrative fees in I-JUMP tariffs.

4. Notwithstanding 199 IAC 19.13(4)"e"(5) natural gas utilities filing draft tariffs do not need to include the billing option of "single billing from the utility which includes the marketer's gas costs."

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary, Deputy

/s/ Diane Munns

Dated at Des Moines, Iowa, this 8<sup>th</sup> day of August, 2000.