

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INQUIRY INTO THE EFFECT OF REDUCED USAGE ON RATE- REGULATED NATURAL GAS UTILITIES	DOCKET NO. NOI-06-1
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**ORDER SCHEDULING WORKSHOP**

(Issued April 25, 2006)

On February 9, 2006, the Utilities Board (Board) initiated an inquiry into the effect of reduced natural gas usage resulting from increased energy efficiency and other factors on the non-gas revenues of Iowa's rate-regulated natural gas utilities. The Board indicated that Iowa had joined with seven other states, Michigan, Minnesota, Missouri, Wisconsin, Ohio, Illinois, and Indiana, to form the Joint Natural Gas Price Reduction Initiative (JNGPRI) to support regional and individual state actions to create downward pressure on natural gas prices by reducing projected demand for natural gas by 5 percent over the next five years. The states recognized that the high cost of natural gas created a financial hardship for many consumers and represented millions of dollars exported from these state economies. Greater use of energy efficiency to reduce demand for natural gas in Iowa will reduce energy costs for Iowa consumers and will retain money within Iowa to support continued economic growth. The reduced demand may adversely affect utility earnings, which could

affect the utility's participation in these efforts. The inquiry was identified as Docket No. NOI-06-1.

Through this inquiry, the Board will investigate the potential effects of this initiative and other factors in reducing natural gas usage, the resulting effect on regulated non-gas utility revenues, and will consider whether traditional regulation is flexible enough to address these effects or whether alternative mechanisms or approaches might be needed. In the February 9, 2006, order, the Board allowed for interested persons to indicate their intent to participate in this inquiry and to respond to a set of initial questions. The Consumer Advocate Division of the Department of Justice (Consumer Advocate), Atmos Energy Corporation (Atmos), the Iowa Environmental Council (IEC), Interstate Power and Light Company (IPL), MidAmerican Energy Company (MidAmerican), Ag Processing Inc (AGP), the Iowa Industrial Energy Group (IIEG), and Aquila, Inc., d/b/a Aquila Networks (Aquila), indicated their intention to participate in this docket and each filed responses to the Board's questions.

To provide for a thorough consideration of the issues raised in this inquiry and to allow for a full review of the actions taken by other states, the Board is scheduling a workshop to be conducted by the Regulatory Assistance Project (RAP). The workshop is scheduled for May 10, 2006. RAP is a non-profit organization, formed in 1992, that provides workshops and education assistance to state government officials with respect to utility regulation. RAP is funded to work with state public

utility commissions and other governmental energy policy makers by the U.S. Environmental Protection Agency, U.S. Department of Energy, and the Energy Foundation. Additional information about RAP can be found on its website at [www.raponline.org](http://www.raponline.org).<sup>1</sup>

The Board wants to ensure that a full discussion of the issues involved in implementing any new policies and energy efficiency programs are presented to the participants for their consideration. Participants and other interested persons are encouraged to attend this workshop. The workshop has been scheduled so the presentation by RAP will end before noon and then the presenters will join in a round table discussion to be held in the afternoon.

Board staff has prepared a summary of the comments provided by participants. Please contact Bob LaRocca, the Inquiry Manager, if you would like a summary of the comments. Mr. LaRocca's telephone number and email address are 515-281-5898 and [Bob.LaRocca@iub.state.ia.us](mailto:Bob.LaRocca@iub.state.ia.us).

**IT IS THEREFORE ORDERED:**

A morning presentation of the workshop is scheduled for 9 a.m. on May 10, 2006, in the Board's hearing room located at 350 Maple Street, Des Moines, Iowa, and a round table discussion is scheduled for 1:30 p.m. in conference rooms 3 and 4

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<sup>1</sup> Scheduled presenters are: Cheryl Harrington, an attorney and cofounder of RAP, who is a former Commissioner of the Maine Public Utility Commission 1982-1991 and was Vice Chair of NARUC's Energy Conservation Committee, and Richard Sedano, a former Commissioner of the Vermont Department of Public Service, 1991-2001, and a member of the Secretary of Energy's Task Force on Reliability, 1998-99.

at the same address. Persons with disabilities who require assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

**UTILITIES BOARD**

/s/ John R. Norris

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ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 25<sup>th</sup> day of April, 2006.