

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AQUILA, INC. d/b/a AQUILA NETWORKS	DOCKET NO. WRU-07-38-225 (EEP-03-4)
--	--

ORDER GRANTING WAIVER

(Issued November 20, 2007)

On November 13, 2007, Aquila, Inc., d/b/a Aquila Networks (Aquila), filed with the Utilities Board (Board) a request for waiver of 199 IAC 35.6(4)"a"(1) and (2) for the remainder of calendar year 2007 and calendar year 2008. These subrules provide that an energy efficiency plan modification must be filed in the event a utility's total annual energy efficiency plan budget changes by a factor of at least 5 percent or expenditures for a customer class vary from the budgeted amount by more than 10 percent. Aquila asks that these subrules be waived for the remainder of 2007 and 2008 because it appears Aquila's total program spending will exceed 120 percent of budgeted amounts and spending for some customer classes will vary by more than 10 percent from the budgeted amount. Waiver of the subrules would allow Aquila to exceed budgeted energy efficiency spending by more than 5 percent and spending for various classes by more than 10 percent.

No objections to the request were filed. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response to the waiver request on November 14, 2007, which supported Aquila's waiver request.

In support of its request, Aquila filed a table showing that several programs and the overall plan exceeded budgeted expectations. Aquila said that limiting energy efficiency plan spending to the budgeted amounts could create customer confusion and complaints and limit energy efficiency potential. Aquila noted that requiring an energy efficiency plan modification would pose a hardship on Aquila and its ratepayers because of the significant expense of preparing a plan modification, particularly when Aquila's current plan expires at the end of 2008. Aquila argued that granting the waiver would allow Aquila personnel to focus on delivery of energy efficiency programs and results rather than on preparing a plan modification.

The Board will grant the waiver request. Energy efficiency programs offer customers an opportunity to reduce their energy bills. The increased spending requirements for 2007 and 2008 may not continue indefinitely, so a waiver is appropriate to allow Aquila to expend the needed funds now without increasing the budget to a level where budgeted funds in future years may go unspent. Because Aquila's current energy efficiency plan expires at the end of 2008, a plan modification now would be of little value, particularly when compared to the cost of preparing such a modification. Granting the waiver will accommodate the increased participation levels, allow Aquila the flexibility to manage unanticipated program successes, and thereby generate a positive outlook for energy efficiency throughout Aquila's Iowa service territory.

Granting the waiver will not prejudice the substantial legal rights of any person. Energy efficiency spending limits are not mandated by statute and granting the

waiver will not adversely affect the public health, safety, or welfare. The standards for a waiver contained in 199 IAC 1.3 have been satisfied.

Aquila and Consumer Advocate are the only active parties to the current proceedings involving Aquila's energy efficiency plan. Because Consumer Advocate filed an immediate response supporting the waiver request and the Board wants Aquila to continue to fund the increased plan participation without any significant gap while waiting for regulatory approval, the Board will issue this order immediately, prior to the deadline for answers or responses. 199 IAC 7.9. If any objections to the waiver request are filed, the Board will address the issues raised by the objections at that time.

IT IS THEREFORE ORDERED:

The request for waiver filed by Aquila, Inc., d/b/a Aquila Networks, on November 13, 2007, is granted.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 20th day of November, 2007.