

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA JOINT UTILITY MANAGEMENT PROGRAM, INC.	DOCKET NO. SPU-04-1
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**ORDER CLARIFYING ORDER DIRECTING FILING OF PERMANENT SMALL
VOLUME TRANSPORTATION TARIFFS**

(Issued December 21, 2007)

PROCEDURAL BACKGROUND

On November 5, 2007, the Utilities Board (Board) issued an order in this docket directing MidAmerican Energy Company (MidAmerican) and Interstate Power and Light Company (IPL) to file permanent small volume gas transportation tariffs consistent with certain conditions described in the order. The permanent tariffs are to replace the existing pilot project tariffs that are available to schools and governmental entities only. The November 5, 2007, order required the tariffs to have an effective date of April 30, 2008, the date the pilot projects are scheduled to end.

The Board directed that the permanent tariffs: (1) contain the provisions in the current pilot project tariffs, or be modified as described in the order, (2) be available to all small volume customers, except residential customers, (3) provide that small volume transportation customers pay the Energy Efficiency Cost Recovery factor and be eligible to participate in energy efficiency programs, and (4) could contain a

reasonable cap on the number of customers who could take the service. The proposed permanent tariffs are to be filed on or before December 31, 2007.

On November 26, 2007, MidAmerican filed a request for clarification or rehearing of the November 5, 2007, order. MidAmerican requests clarification whether the requirement of the effective date of April 30, 2008, for the permanent tariffs would allow MidAmerican to phase in the cap on the number of customers who may take the small volume transportation service. MidAmerican suggests that because the order allows MidAmerican to establish a cap on the number of customers who can take the service, it is arguable that a phase-in approach to a final cap on the service would be allowed by the Board's decision.

MidAmerican indicates it expects to be able to offer permanent small volume gas transportation service to no more than 750 customers on May 1, 2008. This would be in addition to the current pilot project customers, who would be allowed to take service under the pilot tariffs until November 1, 2008, under MidAmerican's proposal. MidAmerican anticipates expanding that number by 850 each month through October 2008, with the goal of setting a final cap at 5,000 customers by November 1, 2008. If the order does not allow a phased increase in the cap, MidAmerican requests its pleading be treated as an application for rehearing on that issue.

On December 3, 2008, Iowa Joint Utility Management Program, Inc. (IJUMP), filed a response to the request for clarification. IJUMP states it does not object to the request for clarification and the proposed phase-in on a first-come first-served basis

for new small volume customers. However, IJUMP states that existing pilot project customers should be considered as having already come first and should be allowed to switch from the pilot tariff to the new permanent tariff during the phase-in period without counting against the monthly limits. IJUMP suggests, in the alternative, that it may be preferable for MidAmerican and IJUMP to mutually agree to a single switch date for all IJUMP accounts.

On December 5, 2007, MidAmerican filed a reply to the IJUMP response. In the reply, MidAmerican states that it disagrees with IJUMP that pilot customers should be considered to have already come first and should be allowed to switch from the pilot to the new service without being part of the limited number of monthly applicants. MidAmerican argues that giving pilot customers priority treatment would be discriminatory. Pilot customers should be required to apply for service under the same terms and conditions as all other customers and should be required to join the queue for service.

MidAmerican indicates it is developing a new small volume gas transportation program and the new service will have different conditions than the pilot. Since the program will be new, the pilot project customers will be new to the program just like other small volume customers.

BOARD DECISION

The Board considers its November 5, 2007, order directing MidAmerican to file permanent small volume transportation service tariffs to be flexible enough to allow

for a phase-in of the cap on the number of customers who can take the service. The Board provided for a cap on the number of customers for this service to allow MidAmerican and IPL to establish the service without significant transition and administrative costs. If a phase-in of the cap is appropriate to establish the permanent service without significant additional costs, the Board will allow the phase-in of the cap. A phase-in with a final cap of 5,000 customers is consistent with having a permanent transportation service designed for small volume customers in place once the pilot projects are concluded and is consistent with the evidence in this docket.

Accepting MidAmerican's November 26, 2007, filing as a request for clarification does not necessarily indicate an agreement by the Board with the specific proposal offered by MidAmerican. As suggested by IJUMP's filing, there may be other procedures that are more appropriate and that meet the Board's requirements. The Board is concerned that the transition described by MidAmerican could leave some current pilot project customers who desire to continue to transport natural gas unable to transfer to the permanent service on May 1, 2008. The last report filed by MidAmerican indicated that it had more than 750 pilot project customers and the proposed initial limit of 750 customers in the new program would not allow all of the current pilot project customers to transition to the new permanent service on May 1, 2008.

The Board will not decide the exact characteristics of an acceptable phase-in in this order and will wait until MidAmerican files the proposed permanent tariffs with

a specific plan. This will allow MidAmerican to discuss the proposal with all of its current pilot project suppliers, including IJUMP, and to address any concerns the suppliers may raise. The Board suggests that MidAmerican consider a transition that would allow all current pilot project customers who want to take the permanent service to move to the permanent service in the first phase. If there are reasons this should not be permitted, MidAmerican should be prepared to explain those reasons.

The intent of the Board's November 5, 2007, order was to end the pilot projects on April 30, 2008, and have permanent small volume gas transportation service available to those customers and other small volume customers on May 1, 2008. The April 30, 2008, termination date for the pilot projects was established at the request of IJUMP and the Board still considers it reasonable that the pilots end on that date. If small volume transportation service under the pilot project tariffs ends on April 30, 2008, the proposed new permanent tariffs should provide all of the current small volume transportation customers in the pilot the opportunity to transfer to the new service on May 1, 2008. Allowing this transfer could delay the availability of the service to other small volume customers under the phase-in described by MidAmerican. This delay for other customers may not be unduly discriminatory, since the service will become available to the other customers as the phase-in is implemented, assuming there is a good reason for the initial limit. These are all factors that MidAmerican needs to consider in its proposed permanent tariff.

The Board clarifies that the November 5, 2007, order directing MidAmerican and IPL to file permanent small volume transportation tariffs will allow MidAmerican

to phase in the cap on the number of customers who may take the permanent service. The transition is expected to have a final cap of 5,000 customers and be completed by November 1, 2008. MidAmerican is scheduled to file proposed permanent tariffs on or before December 31, 2007, and the Board will reserve a decision on an acceptable transition until after the proposed permanent tariffs have been filed and reviewed.

If IPL determines it needs to phase in its permanent small volume gas transportation service, it may also propose a transition with its proposed permanent tariffs.

ORDERING CLAUSE

IT IS THEREFORE ORDERED:

The request for clarification filed by MidAmerican Energy Company on November 26, 2007, is granted as discussed in this order.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 21st day of December, 2007.