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Paula N. Johnson
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March 27, 2014

Dr. Burl W. Haar, Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

RE: Interstate Power and Light Company
Docket No. G001/M-07-1295
Annual Report

Dear Dr. Haar:

Enclosed for e-Filing with the Minnesota Public Utilities Commission please find Interstate Power and Light Company's Annual Report in the above-referenced docket.

Copies of this filing have been served on the Minnesota Department of Commerce, Division of Energy Resources, the Minnesota Office of Attorney General – Residential and Small Business Utilities Division and the attached service list.

Very truly yours,

/s/ Paula N. Johnson
Paula N. Johnson
Senior Attorney - Regulatory

PNJ/tao
Enclosure

cc: Service List

Interstate Power and Light Co.
An Alliant Energy Company

Alliant Tower
200 First Street SE
P.O. Box 351
Cedar Rapids, IA 52406-0351

Office: 1.800.822.4348
www.alliantenergy.com

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David Boyd
Nancy Lange
Dan Lipschultz
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

IN THE MATTER OF INTERSTATE
POWER AND LIGHT COMPANY'S GAS
AFFORDABILITY SERVICE PROGRAM
ANNUAL REPORT

DOCKET NO. G001/M-07-1295

AFFIDAVIT OF SERVICE

STATE OF IOWA)
) ss.
COUNTY OF LINN)

Tonya A. O'Rourke, being first duly sworn on oath, deposes and states:

That on the 27th day of March, 2014, copies of the foregoing Affidavit of Service, together with Interstate Power and Light Company's Annual Report, were served upon the parties on the attached service list, by e-filing, overnight delivery, electronic mail, and/or first-class mail, proper postage prepaid from Cedar Rapids, Iowa.

 /s/ Tonya A. O'Rourke
Tonya A. O'Rourke

Subscribed and Sworn to Before Me
this 27th day of March, 2014.

 /s/ Kathleen J. Faine
Kathleen J. Faine
My commission expires on February 20, 2015
Notary Public

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_7-1295_1
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_7-1295_1
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_7-1295_1
Kathleen M.	Brennan	kmb@mcgrannshea.com	McGrann Shea Carnival	Straughn & Lamb, Chartered 800 Nicollet Mall, Suite 2600 Minneapolis, MN 554027035	Electronic Service	No	OFF_SL_7-1295_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_7-1295_1
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_7-1295_1
Paula N.	Johnson	PaulaJohnson@alliantenergy.com	Interstate Power and Light Company	200 First Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_7-1295_1
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	OFF_SL_7-1295_1
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_7-1295_1
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_7-1295_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_7-1295_1
Kent	Ragsdale	kentragdsdale@alliantenergy.com	Alliant Energy-Interstate Power and Light Company	P.O. Box 351 200 First Street, SE Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_7-1295_1

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**Beverly Jones Heydinger
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**Chair
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**IN THE MATTER OF INTERSTATE
POWER AND LIGHT COMPANY'S
GAS AFFORDABILITY SERVICE
PROGRAM ANNUAL REPORT**

DOCKET NO. G001/M-07-1295

INTERSTATE POWER AND LIGHT COMPANY'S ANNUAL REPORT

COMES NOW, Interstate Power and Light Company's (IPL or Company) and, pursuant to its Gas Affordability Service Program (GAP or Program) tariff, files this Annual Report.

I. BACKGROUND INFORMATION

On January 28, 2008, in Docket No. G001/M-07-1295, the Minnesota Public Utilities Commission (Commission) issued its Order Approving Petition with Modifications, approving IPL's GAP tariffs as modified. The Commission specifically ordered IPL to alter its GAP tariffs to require an annual report.

On February 25, 2008, the Commission issued its *Order Delaying Tariff Effective Date, Adjusting Program Cost Cap, and Requiring Compliance Filing*. This Order required IPL to initiate its GAP on March 1, 2008. IPL initiated its GAP as ordered by the Commission.

On July 8, 2009, the Commission issued its *Order Regarding Interim Review of Gas Affordability Programs Pursuant to Minn. Stat. § 216B.16, Subd. 15*, which clarified certain aspects of administrative cost recovery and required compliance filings regarding enrollment practices.

On August 14, 2009, the Commission issued its *Notice of Extended Comment Period and Comment Period on Additional Issues*. This Notice specifically sought comments on additional questions regarding GAP programs.

On November 18, 2009, the Commission issued its *Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action*. In the Findings and Conclusions of that Order, the Commission further defined reporting requirements for GAP programs.

On September 25, 2013, the Commission issued its *Order Accepting Gas Affordability Program Reports*, which established a list of additional reporting requirements in the form of a summary schedule.

Per IPL's GAP tariffs, as required by the Commission, IPL respectfully submits this annual report. The annual report is outlined as follows:

- A. Program Description;
- B. Program Credits, Funding, and Administration Costs;
- C. Program Participation;
- D. Retention, Satisfaction, and Disconnections;
- E. Arrears, Customer Payment Frequency, and Collection Activity;
- F. Additional Reporting Requirements; and
- G. Summary Schedule

The GAP Tracker is provided as Attachment A to this report.

A. Program Description

As noted above, IPL implemented the Program on March 1, 2008, as ordered by the Commission, and in compliance with Minn. Stat. § 216B.16, subd. 15. The Program is intended to lower the percentage of income that low-income households devote to energy bills, to increase customer payments, and to reduce a utility's cost associated with unpaid bills. The Program is also a mechanism to assist customers in paying off arrearage balances. In order to qualify for Program participation, customers must agree to be placed on a level payment plan and must also agree to a payment schedule. In addition, effective with Program year 2012, IPL has taken on the administration of its GAP in-house.

1. Eligibility

The Program is available to any qualified IPL residential natural gas customer receiving assistance from the Low-Income Home Energy Assistance Program (LIHEAP).

A qualified customer must maintain an active account in his or her name only at his or her permanent primary residence. Qualified customers agree to notify the Company of any changes in address, income level, or household size, and are informed that such changes may result in removal from the Program.

If a qualified customer fails to pay, in full, two consecutive monthly payments under the Program, that customer will be terminated from the Program and will be subject to the Company's regular collection practices, including the possibility of disconnection.

2. Discount

The Program has two components. The first is an affordability component, which is a bill credit determined at one-twelfth of the difference between IPL's estimate of the qualified customer's annual gas bill and four percent of the qualified customer's household income, as provided to IPL by the qualified customer. This bill credit is considered a Program cost. Any energy assistance sums not applied to arrears will be applied to a qualified customer's current bill.

The second component of the Program is an arrearage forgiveness element, which is a matching credit that is applied to the customer's account each month after receiving the customer's payment. The application of this monthly credit retires pre-program arrears over a period of up to 24 months. This bill credit is considered a Program cost.

3. Payment

To determine the qualified customer's payment schedule amount, the Company reviews current bills and consumption information as well as the household income information submitted by the customer to the Company. A qualified customer's payment schedule includes both payment of the customer's current month's bill (which reflects one-twelfth of the level payment plan), after inclusion of the affordability bill credit, as well as payment of a portion of the qualified customer's pre-Program arrears.

Customers on the Program paid a total of \$130,656 towards their energy costs in 2013. The average payment amount per GAP customer in 2013 was \$118.35 per month.

B. Program Credits, Funding, and Administration Costs

Table 1 below contains a summary of the GAP Tracker. For additional detail, please see Attachment A to this Annual Report.

Table 1: GAP Tracker Summary

ITEM	AMOUNT
Balance as of 12/31/2012 Over/(under) Collected	\$(16,588.69)
2013 Affordability & Arrearage Forgiveness Credits	\$(44,654.44)
2013 Administrative Program Costs	\$(2,232.72) ⁽¹⁾
2013 Collections through Rates	\$44,272.49
Balance as of 12/31/2012 Over/(under) Collected	\$(19,529.90)

(1) Pursuant to IPL's Gas Affordability Service Program tariff, IPL's total Program costs are limited to \$50,000 per year, and its administrative costs to 5 % of total Program costs, or \$2,500. Total program costs were \$44654.44. Accordingly, 5% or \$326.53 of the Administrative Program Costs shall remain uncollected.

1. Program Credits

The total of the affordability and arrearage forgiveness credits applied to GAP customer's accounts during the 2013 Program year was \$44,654.44. The average monthly credit per customer (92 participants as of December 31, 2013) was \$40.44.

2. Program Funding

The Program is funded by a per therm charge of \$0.0023, which is collected from all customers. The average residential customer cost is approximately \$2.04 per year, or \$0.17 per month.

From January 2013 through December 2013, IPL collected \$44,272.49 from natural gas customers for Program costs.

3. Program Administration Costs

As shown in Table 1 above, IPL's total Program costs for 2013 were \$46,887.16, which is the sum of the affordability & arrearage forgiveness credits (\$44654.44) and the allow administrative Program costs (\$2232.72) or 5% of the total Program costs.¹

C. Program Participation

1. Current Enrollment

As of December 31, 2013, there were 92 participants enrolled in the Program. An additional 24 customers had participated at some point in the year, but were removed due to:

- failing to pay pursuant to the non-payment provision of the Program;
- moving; or
- not signing up for energy assistance.

(1) Pursuant to IPL's Gas Affordability Service Program tariff, IPL's total Program costs are limited to \$50,000 per year, and its administrative costs to 5 % of total Program costs, or \$2,500. Total program costs were \$44654.44. Accordingly, 5% or \$326.53 of the Administrative Program Costs shall remain uncollected.

IPL used 94% of the annual program budget of \$50,000 (\$46,887), up from 86% (\$42,824) in 2012.

2. Future Enrollment

Enrollment participation is granted on a first-come, first-serve basis until the estimated Program dollar cap is reached. Semcac Community Action Agency (Semcac), the organization that formerly administered the Program for IPL, forwarded a waiting list of GAP-eligible customers to IPL. This waiting list was compiled by Semcac by mailing inquiry letters regarding GAP to customers who had otherwise applied for Energy Assistance with Semcac. Semcac dated the resulting returned applications based upon their receipt dates. This created a waiting list of eligible customers ordered on a first-come, first-serve basis. As part of administering the Program, IPL uses this waiting list to find replacement customers for its GAP as appropriate. Customers currently on GAP will remain on GAP as long as they remain eligible, and as long as they do not miss two payments in a row. These customers will have priority over customers on the waiting list. IPL has yet to exhaust the waiting list.

In addition, IPL supplements the waiting list with those customers who express interest in the GAP, whether referred from Semcac or other sources, via inbound phone calls. The IPL Credit and Collections department, which handles day-time inbound Minnesota phone calls, also explain and promote the GAP to eligible customers.

Once the waiting list has been exhausted, IPL plans to use the Minnesota eHeat (Electronic Household Energy Automated Technology) system to filter IPL

low-income gas customers for outreach. IPL will send out a mailing asking these customers if they are interested in GAP participation. Semcac has indicated it will continue to assist IPL in verifying the customers' household incomes, even though it no longer administers the Program on behalf of IPL. With the information provided by Semcac, IPL will be able to calculate monthly benefits.

Semcac stated there is a possibility that it can send out a letter to GAP-eligible households on IPL's behalf if the waiting list becomes exhausted. When the signed letter is returned to its office, Semcac can confirm the household income and forward the completed form to IPL's office. IPL will investigate this possibility in the future.

D. Retention, Satisfaction, and Disconnections

1. Retention

The maximum number of participants enrolled in the GAP during 2013 was 116, with 92 participants remaining at the end of the year; in other words, 24 participants were removed from the Program during the year. This results in a retention rate of 79 percent during this fifth year of the Program.

2. Customer Satisfaction

IPL did not conduct any customer satisfaction surveys that specifically singled out this Program for evaluation. IPL is not aware of any customer complaints made to the Company, the Commission or other agencies.

3. Disconnections

Of the maximum 2013 GAP participation of 116, none were disconnected for non-payment in 2013.

E. Arrears, Customer Payment Frequency, and Collection Activity

1. Arrears

Of the 92 GAP participants that were on the program at the end of the 2013 Program year, 51 were in arrears for a total of \$11,772.41, with the average amount per participant being approximately \$230.83.

2. Effect of GAP on Customer Payment Frequency

In 2013, IPL received 1,104 payments totaling \$130,656 from the GAP participants, which averages to 92 payments per month.

3. Collection Activity

IPL does not have specific data on the Program's impact on collection activity. However, none of the 261 residential customers disconnected for nonpayment in 2013 were GAP customers.

F. Additional Reporting Requirements

1. Customer payment Frequency

IPL randomly sampled 12 consecutive months' data for 11 percent of its GAP customers. The sample customers paid on time 71% of the time. When compared to an equal sample for LIHEAP customers, the payment frequency shows customers pay on time 65% of the time, within the last 12 months.

2. Disconnection

Of 2013's maximum of 116 GAP participants, no GAP customers were disconnected in 2013. Customers are removed from GAP prior to disconnection of service.

3. Payment amount

Based on 92 participants as of December 31, 2013, the average annual bill credit amount under GAP was \$485.37, meaning the average monthly bill credit was \$40.45. The GAP participants' average annual bills were \$1,851. The average monthly bills were \$154.27.

4. Customer payment history

A random sampling of 11 GAP participants was reviewed to determine if there was any Program effect on payments in full. Eight customers (72%) paid their bills in full each month, as compared to six customers (54%) in 2012 was six customers (54%).

5. Arrearage level

The change in the average arrearage (December 2012 to December 2013) level for GAP customers increased from a \$17.47 credit arrears average balance to \$58.63 average arrears. The change in the arrearage level for the sample LIHEAP customers was decreased from an average balance of \$80.80 in 2012 to an average arrears balance of \$13.47 in 2013. The change in the arrearage level for IPL's residential utility customers increased, in 2012 the average balance of \$133.85 to an average balance of \$159.77 in 2013.

6. Coordination with other available low-income bill payment assistance and conservation resources information relating to how each utility has coordinated its GAP with other available low income and conservation resources, naming the agencies the utility has coordinate with, how often the utility has communicated with those agencies during

the year, the content of those communications, and what was accomplished in terms of coordination.

IPL funds Semcac for energy efficiency upgrades to low income homes through its Conservation Improvement Program.

G. Summary Schedule

Below, please find the Summary Scheduled required by the Commission's September 25, 2013, Order.

1. Average annual affordability benefit received per customer - **\$460.56**
2. Average annual arrearage forgiveness benefit receive per customer - **\$24.81**
3. Percentage of Low Income Home Energy Assistance (LIHEAP) program customers that participated in GAP – **4%**
4. Disconnect rates for (a) GAP customers, (b) LIHEAP – Non GAP customers, and (c) non-LIHEAP customers (all firm customers including C & I – **(a) – 0%, (b) – 0.008%, (c) – 0.003%**
5. Number of GAP participants enrolled as of year-end - **92**
6. Number of GAP participants enrolled and receiving benefits at some time during the year - **116**
7. Annual program budget - **\$50,000**
8. Actual program revenue - **\$44,272.49**
9. Actual program cost - **\$2232.72**
10. GAP tracker balance as of year-end - **\$19,529.90**
11. GAP rate-affordability surcharge (\$/therm) - **\$0.0023**

WHEREFORE, IPL requests the Commission accept IPL's Annual Report as compliance with IPL's GAP tariffs.

DATED this 27th day of March 2014.

Respectfully submitted,

INTERSTATE POWER AND LIGHT COMPANY

By /s/ Paula N. Johnson
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MN GAP Program Admin Expense Calculation

Month	Bill Credit Expenses	Forgiveness Expenses	Total Customer Expenses	Admin Amount for Month	Total Customer & Admin Expenses	Therms Sold to Customers	Revenues Collected Through Tariff	Over/(Under) Collection
Balance at 1/1/2013								(16,588.69)
Jan-13	3,644.63	199.82	3,844.45	757.47	4,601.92	2,980,532	6,855.22	2,253.30
Feb-13	3,506.61	180.25	3,686.86	187.84	3,874.70	2,936,235	6,753.34	2,878.64
Mar-13	3,499.22	167.91	3,667.13	387.12	4,054.25	2,447,174	5,628.50	1,574.25
Apr-13	3,509.74	163.73	3,673.47	136.92	3,810.39	1,992,289	4,582.26	771.87
May-13	3,407.34	207.66	3,615.00	(58.04)	3,556.96	1,249,028	2,872.76	(684.20)
Jun-13	3,293.53	231.03	3,524.56	122.05	3,646.61	653,584	1,503.24	(2,143.37)
Jul-13	3,540.26	280.67	3,820.93	233.32	4,054.25	547,282	1,258.75	(2,795.50)
Aug-13	3,797.60	226.05	4,023.65	158.78	4,182.43	502,449	1,155.63	(3,026.80)
Sep-13	3,689.98	256.33	3,946.31	(39.55)	3,906.76	574,549	1,321.46	(2,585.30)
Oct-13	3,450.98	177.85	3,628.83	188.18	3,817.01	707,326	1,626.85	(2,190.16)
Nov-13	3,551.20	114.47	3,665.67	564.92	4,230.59	1,798,104	4,135.64	(94.95)
Dec-13	3,480.80	76.78	3,557.58	(79.75)	3,477.83	2,860,365	6,578.84	3,101.01
Total	42,371.89	2,282.55	44,654.44	2,559.25	47,213.69	19,248,917	44,272.49	(19,529.90)