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IOWA UTILITIES BOARD
EEP-2009-0001**

**IOWA
ASSOCIATION OF MUNICIPAL
UTILITIES**

6 December 2010

Ms. Joan Conrad, Executive Secretary
Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319-0069

Dear Ms. Conrad:

The Iowa Association of Municipal Utilities (IAMU) is submitting this amendment to Docket EEP-2009-0001, "Iowa's Municipal Electric and Gas Utilities Report on Energy Efficiency Goals". This amendment provides supplemental information to Docket EEP-2009-0001, and is meant to clarify the discrepancy between the 2012 achievable electrical energy savings potential identified in the Energy Center of Wisconsin' assessment of potential study, and the overall 2012 electrical energy savings goal set by Iowa electric municipal utilities.

1. The IAMU joint energy efficiency assessment of potential study was conducted to provide policy decision making guidance, not to determine the exact achievable potential for each year. This was indicated on page 3, paragraph 4, of the Energy Center of Wisconsin (ECW) assessment of potential study (filed in docket EEP-2009-0001), the study selected 2012 and 2018 as, "...general reference points to represent shorter-term and longer-term planning horizons, rather than definitive deadlines." The assessment of potential study assumed the efficiency programs were gradually ramped-up over six years, starting from the 2006 levels, to get to the 2012 achievable levels (as indicated on page 3, paragraph 4 of the ECW study report). In reality, the utility efficiency goals filed in EEP-2009-00001 assume a much faster ramp-up period of three years from 2010 and 2012. Some utilities have chosen a longer timeline than three years for ramping-up their goal levels, and hence their 2012 goal levels are lower than the 2012 achievable potential levels indicated in the ECW study report.

2. In the Assessment of Potential study conducted by ECW, the aggregate energy sales by municipal electric and gas utilities were projected from the sales reported in the 2006 EIA 861 report (electric sales) and the 2006 EIA 176 report (gas sales). These forecasts were done using the average annual sales growth rates by sector and fuel reported by the Iowa Investor Owned Utilities in the *Assessment of Energy and Capacity Savings Potential in Iowa* (footnote 7, page 3 of the ECW study report) . Using the 2006 municipal sales levels, and the IOU projected annual sales growth rates, municipal sales were projected to 2012 and 2018 for the Assessment of Potential. However, when the utilities set their goals, IAMU found that the projected sales levels were too high for many utilities, when compared to their historical growth rates. Thus, when setting each utility's goals, the 2009, 2010, 2011, and 2012 sales were projected based on the utility's actual sales reported in the 2008 ME-1 and/or MG-1 reports using the historical growth rates for each utility. The combination of using 2008 rather than 2006 as the benchmark year for projecting future sales and using the utilities' actual historical growth rates, rather than the IOU's projected annual growth rates, reduced the 2012 projected sales for many utilities. Since the projected sales were lower, the absolute energy savings goals were also lower than those projected in the ECW assessment of potential study.

A good example of this is Webster City Municipal Utilities. In the assessment of potential study, it was assumed that all municipal electric utilities' industrial loads would grow at a rate of 1.83% per year from the base year of 2006. However, in reality from 2006 to 2008 Webster City's industrial load fell by 13%, and at the time of goal setting (2009), one of Webster City's large industrial customers was in the process of shutting down their manufacturing operations in Webster City. Therefore during the goal setting process, Webster City's 2012 projected sales were much lower than those projected in the assessment of potential study.

3. In past meetings with Gordon Dunn and members of the Board, IAMU has described the likelihood of "lumpy" results in energy efficiency programs from year to year. The annual savings from municipal utilities will be lumpy because each utility depends on a small pool of customers for their savings. IAMU expects, and is already seeing, that in some years a utility will far exceed their goal, while the next year they will fall short. As discussed above, municipal utilities view the assessment of potential as a planning guideline on how to set goals and develop efficiency programs rather than definitive deadlines.

Lumpy annual savings is a significant problem for utilities where one customer or a few large customers make up a significant portion of the utility's sales. It is not uncommon for a single large customer to make up 20% to 90% of a municipal utility's sales. If one of these customers has already implemented a wide array of efficiency measures, is located in a new facility, or chooses not to participate in the municipal utility's efficiency programs, there will be limited opportunity for the utility to work with the customer to achieve efficiency gains at the facility. For many small municipal gas utilities, a large portion of sales may go to a grain drying facility. However, because the amount of gas used in grain drying varies annually depending on the wetness of the harvest season, the total gas sales can vary widely from year to year. For these gas utilities, it is difficult to project savings a percentage of sales, since annual sales vary widely from year to year.

In some instances utilities have not included sales to large customers in their goals. These utilities were indicated in Appendices 3 and 4 of Docket EEP-2009-0001. Even though some utilities chose to exclude large customers from their goals, the utilities have not excluded these customers from participating in the utilities' efficiency programs. For example, Greenfield Municipal Utilities (GMU) did not include sales to its industrial customers in its efficiency goals. The 2012 GMU goal is 223,023 kWh. However, in 2009 GMU reported a savings of 696,828 kWh; 435,504 kWh of these savings came from the industrial sector. Thus GMU has already been able to exceed the 2012 goal level they set, and have exceeded the 2012 achievable potential identified in the ECW study of 461,000 kWh in 2012.

4. Finally, the 1.1% (59,000 MWh) 2012 achievable MWh savings potential reported in the ECW assessment of potential study was calculated by dividing the 2012 achievable MWh savings by the projected 2012 municipal sales (projected using the Investor Owned Utility growth rates). The 1.1% (43,000 MWh) average 2012 MWh savings goal reported in Appendix 3 of Docket EEP-2009-0001 is the average of all the utilities savings goals.