

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: FEASIBILITY MODEL FOR 19.3(10)(G)	DOCKET NO. SPU-2017-0011
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ORDER APPROVING FEASIBILITY MODEL

(Issued January 17, 2018)

On October 16, 2017, the Utilities Board (Board) issued an order adopting rules in Docket No. RMU-2016-0007 relating to its natural gas rules found in chapter 19. As part of that rulemaking, the Board adopted a new rule, 199 IAC 19.3(10)(g), relating to the expansion of natural gas service to areas without service or with constrained service. Rule 19.3(10)(g) requires utilities seeking to expand service pursuant to that rule to use a standard feasibility model approved by the Board to show that the project is economically justified and for the regulated gas utilities to jointly file a single proposed feasibility model. The Board opened Docket No. SPU-2017-0011 to allow for consideration of a standard feasibility model pursuant to the newly adopted rule.

On November 21, 2017, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, Interstate Power and Light Company, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities, and MidAmerican Energy Company (collectively, the Joint Utilities) filed their proposed standard feasibility model to be

used for projects falling under 199 IAC 19.3(10)(g). The model takes inputs such as project cost, projected revenues, and tax implications and compares the projected rate of return to a target rate of return. The model proposed by the Joint Utilities also describes the amount a customer, or group of customers, would need to pay to make the project economically feasible if the target rate of return is not met without such a payment.

On December 12, 2017, the Office of Consumer Advocate, a division of the Iowa Department of Justice, filed comments stating that it does not object to the model proposed by the Joint Utilities. It notes that the actual use of the model, and the assumptions and inputs relied upon by a utility, could raise concerns in future cases. An informal workshop was held on January 9, 2018. At the end of the workshop, the participants agreed that no written comments needed to be filed in the record.

The Board has reviewed the model proposed by the Joint Utilities and finds that it meets the criteria set forth in rule 19.3(10)(g). The Board will therefore approve the use of the model for expansion projects made pursuant to rule 19.3(10)(g).

IT IS THEREFORE ORDERED:

The feasibility model jointly proposed by Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, Interstate Power and Light Company, Liberty Utilities

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(Midstates Natural Gas) Corp. d/b/a Liberty Utilities, and MidAmerican Energy
Company in Docket No. SPU-2017-0011 is approved.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Nick Wagner

ATTEST:

/s/ Trisha M. Quijano
Executive Secretary, Designee

/s/ Richard W. Lozier Jr.

Dated at Des Moines, Iowa, this 17th day of January 2018.