

INTERSTATE POWER AND LIGHT COMPANY

GAS TARIFF

Filed with the IOWA UTILITIES BOARD

ORIGINAL TARIFF NO. 1

FIFTH REVISED SHEET NO. 250

CANCELLING FOURTH REVISED SHEET NO. 250

GENERAL RULES AND REGULATIONS FOR GAS SERVICE EXTENSION POLICY

SECTION 11

11.01 GENERAL: The Company will, at Company's own expense, extend gas facilities to premises that are not adjacent to the Company's existing distribution facilities. In accordance with IPL standards, such facilities shall be adequate and suitable to the load characteristics required by the Customer, when the anticipated revenue, exclusive of the cost of purchased gas and energy efficiency charges, from the sale of additional service resulting therefrom is sufficient to justify the expenditure. In determining whether the expenditure is so justified, the Company shall take into consideration the total cost of serving the applicant and will apply the general principle that the rendering of service to the applicant shall not cast a burden on other Customers. It is anticipated that the use of service from such extension is to be a permanent-type service and will provide an adequate return to the Company. The extension policy stated herein is subject to the rules and regulations of regulatory agencies having jurisdiction over such matters. [199--19.3(10)]

11.02 ADVANCE FOR CONSTRUCTION: The Company will provide all gas plant additions and distribution main extensions at its cost and expense without requiring an advance for construction from Customers or Developers except in those unusual circumstances where extensive gas plant additions or distribution main extensions are required before the Customer can be served, or where the Customer will not attach within the agreed-upon attachment period after completion of construction. In such instances, the Company shall require, no more than 30 days prior to commencement of construction, an advance of funds from the Customer or Developer. Such funds may be subject to refund as additional Customers are attached. A written contract between the Company and the Customer which requires an advance for construction costs by the Customer shall be available for Board inspection. Advances for construction may be paid by cash or equivalent surety and shall be refundable for ten years. The Customer has the option of providing an advance for construction by cash or equivalent surety unless the Company determines that the Customer has failed to comply with the conditions of a surety in the past. Cash payments, or equivalent surety shall include a grossed-up amount for the income tax effect of such revenue. The amount of tax shall be reduced by the present value of the tax benefits to be obtained by depreciating the property in determining the tax liability.

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If a surety instrument is used as an advance payment, the amount shall have added to it a surcharge equal to the annual interest rate paid by the Company on Customer bill deposits multiplied by the amount of the refundable advance. The surety instrument shall be called by the Company at the end of one year or when the earned refund credits are equal to the refundable advance amount, less the surcharge, whichever occurs first. If, upon termination of the surety instrument, there are not sufficient earned refund credits to offset the amount of the refundable advance, less the surcharge, the depositors shall provide the Company a cash deposit equal to the amount of the refundable advance, less refund credits accumulated during the surety period, plus the surcharge, or the depositor may pay the

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GENERAL RULES AND REGULATIONS FOR GAS SERVICE EXTENSION POLICY

11.02 ADVANCE FOR CONSTRUCTION: (continued)

interest surcharge on the previous year's surety and rebond the balance due plus surcharge to the Company for a second or third one-year period. Upon receipt of such cash deposit, the Company shall release the surety instrument. The cash deposit, less the surcharge, shall be subject to refund by the Company for the remainder of the ten-year period. [199--19.3(10)]

11.02A DETERMINATION OF ADVANCE FOR CONSTRUCTION: Where within 30 days prior to commencement of construction, the Customer will attach within the agreed-upon attachment period, the applicant for the distribution main extension shall contract with the Company and make an advance for construction equal to the estimated construction cost less three times the estimated base revenue calculated on the basis of similarly situated customers, except as provided in Section 11.02B below. If three times estimated base revenue is greater than the estimated construction cost, no advance will be required. The Company has the option of utilizing the standard 20-year feasibility model adopted by the Iowa Utilities Board, as provided in Section 11.02D below. The Company may develop a feasibility model to be used as an alternative to three times estimated base revenues, to determine what, if any, advance for construction is required by the Customer. The Company shall notify the Iowa Utilities Board and file a summary explaining the inputs into the feasibility model and a description of the model as part of the Company's tariff when it adopts such a model. Whether or not the construction of the distribution main extension would otherwise require a payment from the Customer, the Company shall charge the Customer for actual permit fees and the permit fees are not refundable.

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Where, after completion of the distribution main extension, the Customer will not attach within the agreed-upon attachment period, the applicant for the distribution main extension shall contract with the Company and make no more than 30 days prior to the commencement of construction an advance for construction equal to the estimated construction cost.

11.02B COMPETITIVE SITUATIONS: An advance for construction shall be calculated as the estimated construction cost less five times the estimated base revenue for Customers with the following criteria:

11.02B(1) The estimated cost of the distribution main extension must equal or exceed \$15,000 and either provision included in Sections 11.02B(2) and 11.02B(3) apply.

11.02B(2) IPL receives documented evidence of competition from another fuel source provider offering or currently providing fuel service in IPL's competitive natural gas service area (as defined as the listing of communities and associated rural areas contained in the Index of Communities beginning on Sheet No. 13 of IPL's tariffs), in which case five times estimated base revenue may be allowed to offset the estimated cost of construction to match the competition.

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GENERAL RULES AND REGULATIONS FOR GAS SERVICE EXTENSION POLICY

11.02B ADVANCE FOR CONSTRUCTION – COMPETITIVE SITUATIONS: (continued)

11.02B(3) In situations where an area served by gas by IPL is in direct competition with another community (outside of IPL's competitive natural gas service area) for a specific economic development opportunity, five times estimated base revenue may be allowed to offset the estimated cost of construction to incent the economic development opportunity. The following will be required:

11.02B(3)a Affidavit provided by a local official responsible for economic development attesting that the project will utilize natural gas and the area is in direct competition for the economic development project.

11.02B(3)b Tariffs or other legal documentation verifying the revenue credit offered by the competing natural gas provider in the area.

11.02C REPORTING FOR COMPETITIVE SITUATIONS: IPL shall file an annual report with the Iowa Utilities Board outlining each occurrence in the preceding reporting year under which IPL exercised the competitive situation provision described under Section 11.02B. The report shall contain the following for each occurrence:

11.02C(1) A general statement detailing the competitive situation conditions.

11.02C(2) Estimated construction cost of the distribution main extension.

11.02C(3) The amount allowed to offset the estimated cost of construction granted to the Customer, in dollars.

11.02C(4) Three times estimated base revenue, in dollars.

11.02C(5) Refundable advance paid by Applicant, in dollars.

11.02D STANDARD FEASIBILITY MODEL: The Company may finance and expand natural gas service into an area of the state with no natural gas service or where capacity constraints limit the expansion of service without requiring an advance for construction from a Customer or group of Customers if the standard feasibility model shows the expansion is economically justified over a period not to exceed 20 years. The Company shall charge the Customer or Customers for actual permit fees, and the permit fees are not refundable. N
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If the feasibility model does not show the expansion is economically justified without an advance for construction, a Customer or group of Customers may contract with the Company and make, no more than 30 days prior to commencement of construction, an advance for construction in an amount that would make the expansion economically justified. [199--19.3(10)g] N
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GENERAL RULES AND REGULATIONS FOR GAS SERVICE EXTENSION POLICY

11.03 GAS SERVICE LINE EXTENSIONS: The Company shall finance and construct a service line without requiring a nonrefundable contribution in aid of construction or any payment by the Customer or Applicant where the length of the service line to the riser is up to 50 feet on private property or 100 feet on private property if polyethylene plastic pipe is used. [199-19.3(10)]

11.03A Where the length of the service line exceeds 50 feet on private property or 100 feet if polyethylene plastic pipe is used, the Customer or Applicant shall be required to provide a nonrefundable contribution in aid of the construction for that portion of the service extension on the private property, exclusive of the riser, in excess of 50 feet or in excess of 100 feet in the case of polyethylene plastic pipe within 30 days after completion. The nonrefundable contribution in aid of construction for that portion of the service line shall be computed on the ratio of excess service line (over 50 feet, or 100 feet polyethylene) to the total service times the total estimated service line cost.

11.04 BASIS OF EXTENSION COST ESTIMATE: The investment chargeable to an extension under the Company's extension policy shall include the cost of all material, labor, engineering and surveying, hauling, right-of-way permits, and incidental expenses necessary to extend the Company's existing distribution system to a connection at the applicant's point of delivery, excluding therefrom the cost of metering. When applicable, additional construction costs associated with frozen ground or whether other adverse conditions exist will be included. Examples of when adverse conditions would be applied are when the Company encounters: rock, sand, tree roots, extremely muddy conditions, frost (depth typically greater than six inches), significant snow accumulation, and/or the area is obstructed in a manner that impedes or does not allow normal installation methods. Additional charges for adverse conditions shall be applied to entire length of extension, including the service footage allowance.

11.04A The type and character of construction for an extension shall be determined by company representatives. Location of the extension and the route to be followed in the construction of an extension shall be determined by the Company after consideration of the engineering problems involved and with the objective of providing the best service possible. The origin need not necessarily be at the point on the existing distribution system nearest the applicant's premises, nor shall the route selected necessarily be the shortest distance between origin and delivery point.

11.04B In all cases where it is deemed desirable or necessary by the Company to construct an extension of greater capacity than that required for the applicant in order to conform with future plans of the Company, the excess of the construction costs shall be borne by the Company.

11.05 GAS SALES ESTIMATE: The Company's representative shall be responsible for estimating the anticipated gas sales from service supplied from the extension. Such estimate shall be based upon the Company's experience in serving similar loads, the connected load of the prospective Customer, and estimates of consumption supplied by the Customer.

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GENERAL RULES AND REGULATIONS FOR GAS SERVICE EXTENSION POLICY

11.06 REFUNDS: The Company shall refund to the customer for a period of ten years, from the date of the original advance, a pro rata share for each service line attached to the distribution main extension. The pro rata refund shall be computed in the following manner:

11.06A If the total estimated construction cost to provide the distribution main extension is less than the combined total of three times estimated base revenue, or the amount allowed by the feasibility model, for the distribution main extension and each service line attached to the extension, the entire amount of the advance for construction shall be refunded. [199--19.3(10)c(5)1]

11.06B If the total estimated construction cost to provide the distribution main extension is more than the combined total of three times estimated base revenue, or the amount allowed by the feasibility model, for the distribution main extension and each service line attached to the extension, the amount to be refunded shall equal three times estimated base revenue, or the amount allowed by the feasibility model, for each service line attached to the distribution main extension. [199--19.3(10)c(5)2]

11.06C In no event shall the total amount to be refunded exceed the amount of the advance for construction. Any amount subject to refund shall be paid by the Company without interest. The Company shall not be obliged to refund any portion after ten years have elapsed from the date of deposit. [199--19.3(10)c(5)3]

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