

INTERSTATE POWER AND LIGHT COMPANY GAS TARIFF

Filed with the IOWA UTILITIES BOARD

ORIGINAL TARIFF NO. 1

SECOND REVISED SHEET NO. 62
CANCELLING SUBSTITUTE FIRST REVISED SHEET NO. 62

ALL PRICING ZONES INCENTIVE RATE GAS SERVICE

Availability: To individual customers, to selected groups of customers, or to an entire class of customers qualifying under firm and interruptible service.

All other existing customers that directly compete with the qualifying customer at the time the initial agreement is entered into with the qualifying customer would also be offered the same discounted rate to the extent they substantiate their status as a "directly competing customer". Customers are direct competitors if they make the same product (or offer the same service) for the same general group of consumers.

Terms and Guidelines: The Company will offer flexible rates under the following terms and guidelines:

- (1) In deciding whether to offer a specific discount, the individual customer's, groups, or class's situation shall be evaluated and a cost-benefit analysis shall be performed before offering the discount.
- (2) Any discount offered should be such as to significantly affect the customer's or customers' decision to stay on the system or to increase consumption, or to significantly affect a prospective customer's decision to locate in the service territory.
- (3) The cost-benefit analysis must demonstrate that offering the discount will be more beneficial than not offering the discount.
- (4) The ceiling for all discounted rates shall be the approved rate on file for the customer's rate class. Discounted rates shall not result in aggregate bills over the term of the agreement which are greater than the aggregate bills which would have been produced by the approved rate on file for the customer's rate class.
- (5) The floor for the discount rate shall be equal to the gas costs and net minimum annual bill for serving the specific customer.
- (6) No discount shall be offered for a period longer than one year, although discounts may be offered for a total of sixty (60) consecutive months if annual cost-benefit analyses supports continuation of the discount.
- (7) Discounts should not be offered if they will encourage deterioration in the load characteristics of the customer receiving the discount.
- (8) Discounts for directly competing customers are applicable only to the portion of the operation which is directly competing.

Date Issued: December 15, 2004

Effective Date: January 17, 2005

By: 

James P. Maher, Manager - Regulatory Pricing, Iowa & Minnesota