

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: NEW CHAPTER 26, RATE CASES, TARIFFS, AND RATE REGULATION ELECTION PRACTICE AND PROCEDURE RULES [199 IAC CHAPTER 26]	DOCKET NO. RMU-2020-0026
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ORDER ADOPTING NEW CHAPTER 26

PROCEDURAL BACKGROUND

On July 10, 2020, the Utilities Board (Board) issued an order commencing a rule making in which the Board is proposing to adopt new rules in 199 Iowa Administrative Code (IAC) chapter 26, "Rate Cases, Tariffs, and Rate Regulation Election Practice and Procedure." The proposed rules address procedures and filing requirements for rate-regulated utilities filing applications that propose to change rates for utility service, among other matters. On July 29, 2020, the Notice of Intended Action (NOIA) with the proposed new rules was published in the Iowa Administrative Bulletin (IAB) as ARC 5107C.

Comments regarding the proposed new rules were filed by MidAmerican Energy Company (MidAmerican); Large Energy Group (LEG); the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice; and the Iowa Business Energy Coalition (IBEC). Also, Iowa-American Water Company (IAW), Interstate Power and Light Company (IPL) and Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy (Black Hills), filed jointly (collectively, Joint Utilities); and the Iowa Environmental

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Council (IEC), Environmental Law and Policy Center (ELPC), and Sierra Club filed jointly.

On October 14, 2020, the Board issued an order with a revised NOIA and a standard customer notice form for consideration and discussion at the oral presentation scheduled for October 20, 2020. The oral presentation was held as scheduled. IPL, Black Hills, IAW, MidAmerican, IEC, IBEC, LEG, OCA, and Liberty participated in the oral presentation.

On October 23, 2020, the Board issued an order setting a deadline for filing comments after the oral presentation and scheduling a workshop for November 10, 2020, to allow for a fuller discussion of the proposed rules that establish minimum filing requirements for an application for a general rate increase based upon a future test year. The workshop was held as scheduled.

On February 12, 2021, the Board issued an order with a draft Adopted and Filed that included the new chapter 26 rules the Board intended to adopt. Attached to the order was a draft standard second customer notice to be used by a utility. The order set a date for stakeholder comment. ELPC, IEC, and Sierra Club filed joint comments; the Joint Utilities filed joint comments; and LEG, IBEC, the Iowa Association of Municipal Utilities (IAMU), OCA, and MidAmerican filed comments addressing the draft Adopted and Filed and standard second customer notice.

ADOPTED CHAPTER 26 RULES

The attached Adopted and Filed sets out the final rules that are being adopted by the Board in chapter 26 that will be published in the IAB. The published rules may have edits made by the Administrative Code Editor and should be considered the official rules

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adopted by the Board. The rules as published will become effective 35 days after publication. The Board's standard customer notice form and standard second customer notice will be posted on the Board's website, iub.iowa.gov. The Board will also post the spreadsheets required in minimum filing requirements on the Board's website.

The Board has considered all of the written comments, including filed comments and discussion at the oral presentation and at both workshops. The Board may not address each individual comment, but has addressed any comment where the Board has revised the draft Adopted and Filed. This order provides a short discussion of each rule and an explanation where the Board has revised the draft Adopted and Filed.

A. 199—26.1(17A,476)

In comments addressing the draft Adopted and Filed, OCA states that the rules do not include requirements for the manner and method of service of the notice required in Iowa Code § 476.6(2). OCA requested that the notice requirements be added to this chapter or adopted in other rules. The Board will address this issue in the rules being adopted in Docket No. RMU-2020-0027.

MidAmerican pointed out a scrivener's error in the statutory cite in 26.1(4). The correct cite is Iowa Code § 476.1C(1)(e)(1). That correction is made to the rules that are being adopted.

IAMU points out that the implementation statement at the end of this chapter includes Iowa Code § 476.1B and suggests this reference be removed because the chapter does not apply to municipal utilities. The Board has made the change in the Adopted and Filed.

The term "utility" in this chapter is defined in 26.2 as an investor-owned utility subject to rate regulation. The term "utility" is used throughout this chapter to refer to

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these utilities. Investor-owned electric utilities with fewer than 10,000 customers are subject to the same requirements in Iowa Code § 476.1A as applied to electric cooperatives. Subrule 26.1(3) makes those small, investor-owned electric utilities subject to the same regulatory requirements as the Board is adopting for electric cooperatives in 199 IAC chapter 27.

B. 199—26.2(17A,476) Definitions.

The Board is adopting language in the definition of “Effective date” that makes the definition applicable to all tariffs approved by the Board and not just tariffs with rates and charges. As stated above, the Board is adding a definition for the term “utility” and uses the term throughout the chapter to refer to rate-regulated, investor-owned utilities, except those included in Iowa Code §§ 476.1A and 476.1C. The term does not include electric cooperatives that request to be rate regulated by the Board and are only subject to the provisions in rule 26.16.

Comments were filed raising concerns with the definition of “written notice” in the draft Adopted and Filed. The rule requires that a customer opt in to receive electronic notice of general rate increases, but authorizes a utility to offer electronic billing with notice to the customer. The definition will allow a customer to agree to one notice for all communications as long as the electronic notice agreement includes various types of notices. The Board agrees with the comments of Joint Utilities that the term “specifically” is not necessary, but does not agree that the phrase “matters other than billing” is unnecessary. The Board has revised the adopted definition accordingly.

C. 199—26.3(17A,476) Tariffs required.

This rule establishes tariff filing requirements. Tariffs proposing new service offerings will be considered on a case-by-case basis, if not filed as part of a general rate

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increase application. No additional comments were filed addressing this rule. The Board has adopted the language in the draft Adopted and Filed.

D. 199—26.4(17A,476) General rate increase applications filed pursuant to Iowa Code § 476.6.

1. Subrule 26.4(1)

The Board is adopting rules that establish requirements for a standard customer notice form that utilities may send to customers without prior Board approval. The Board has developed a standard customer notice form that will be available on the Board's website.

LEG raises the issue of notice to customers of rate changes in a subsequent proceeding. LEG suggests that customers in an affected customer class should receive notice that complies with subrule 25.4(1) to allow a customer to decide whether to participate in the subsequent proceeding.

a. Joint Utilities argue that use of both base rate percentage increases and overall percentage increases in the notice will cause customer confusion. Joint Utilities agree with allowing notice of customer comment meetings to be included as a bill insert. Joint Utilities continue to support the use of one notice for rate increases filed for both gas and electric services in one application.

b. OCA suggests that utilities be required to issue a press release and post information on the utility's website for consumer comment meetings. OCA also suggests that a utility be required to offer both in-person and virtual consumer comment meetings.

In reply comments, OCA supports including base rate percentage increases in the customer notice and supports separate notices for gas and electric rate increases

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filed in the same application. OCA states that not allowing a utility to use the form notice if the utility is proposing a new rider or nonrecurring charge is not inconsistent with Iowa Code § 476.6(2). OCA does not agree with requiring 60-day advance notice of consumer comment meetings. A utility can work with the Board to schedule the consumer comment meetings or send a separate notice.

c. MidAmerican states that the Board should allow the use of a standard notice form even if the utility is proposing new riders or new nonrecurring charges. MidAmerican states if the Board retains the 20-day notice requirement for consumer comment meeting notice, the Board should schedule the consumer comment meetings at least 60 days before the first meeting.

In reply comments, MidAmerican opposes OCA's suggestions about consumer comment meetings because the Board should determine when and what type of consumer comment meetings to schedule.

d. The Board understands that some customers may be confused and not understand the difference between the overall rate increase, which includes the cost of gas and other factors outside of the rate case, and the base rate increase, which is the increase in revenue being proposed by the utility. Any customer confusion is outweighed by the transparency that including the increase in base rate percentages provides in the notice. The base rate increase will be applied to customers regardless of any changes that occur to the overall increase due to other factors, such as projected commodity prices for gas. Projection of changes in the cost of gas are not issues in the rate case, and base rates are at least 40 percent of the charges paid by customers. In addition, changes in the cost of gas will be passed on to customers regardless of whether a rate increase application is filed.

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The Board is not adopting any revisions to the form notice requirements. The Board considers it important that the Board review how any new rider or nonrecurring charges are presented in the customer notice. Requiring the nonstandard notice for applications with new riders or nonrecurring charges gives the Board advance notice of the complexity of the application and of issues that will be addressed.

The adopted rules will require a utility that uses the standard customer notice form to send a second notice with the dates, times, and locations of consumer comment meetings. The adopted rules provide that a utility may send the second notice as a bill insert if the customer will receive 20 days' notice of the consumer comment meetings. Additionally, the utility will be required to issue a press release about the consumer comment meetings and include the dates, times, and locations of consumer comment meetings on the utility's website. The Board will not include a 60-day requirement for scheduling consumer comment meetings; however, the Board will work with a utility to ensure, where possible, that those meetings are scheduled far enough in advance for the utility to give the second notice as a bill insert.

The Board has reconsidered the need for a separate notice of the rate increases for each type of utility service, as required in the draft Adopted and Filed. The Board will remove this requirement and allow a utility to send one combined notice with both types of utility service. Customers that receive both electric and natural gas services from the same utility should understand a notice that includes rate increases for each type of service. The combined notice should only be sent to customers that receive both gas and electric services.

The Board has not addressed additional notice for the subsequent proceeding in these rules because the subsequent proceeding is part of the statutory requirements for

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a rate increase case based upon a future test year. Notice of the subsequent proceeding is provided in the form notice and will be provided in the nonstandard notice. Whether additional notice will be required will be determined based upon the information filed by the utility for the subsequent proceeding.

2. Subrule 26.4(2)

OCA opposes paragraph 26.4(2)(c) that provides the Board will not reject the application, a pleading, a document, testimony, or other submission filed with a tariff incorporating a general increase in rates for noncompliance after the Board has docketed the tariff and application as a formal proceeding. OCA suggests that the Board should retain the authority to dismiss an application for deficiencies that are not corrected promptly.

The Board is adopting subrule 26.4(2)(c) that includes a provision that states the Board will not reject an application for failure to comply with filing requirements after the Board issues an order docketing the application. The Board agrees with utilities that this provides some certainty that the rate review process has begun. The application may still be rejected based upon reasons other than compliance with filing requirements.

The subrule requires that a utility file a cover sheet, or index, with the application for a general rate increase and that it list and identify all documents filed as part of the minimum filing requirements. Under the provisions adopted in this subrule, the application and supporting information will not be accepted into the Board's electronic filing system, and the 10-month rate application review period will not begin, until all of the listed documents have been filed.

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3. Subrule 26.4(3)

a. Joint Utilities suggest that the rules in the draft Adopted and Filed did not provide sufficient clarity that temporary rates are allowed to be implemented when a utility files an application based upon a future test year. Joint Utilities suggest that addressing this issue as part of a contested case will increase rate case expense. Joint Utilities argue that temporary rates are allowed by Iowa Code § 476.6(9) and are as relevant for a future test year as for a historic test year. Joint Utilities argue that temporary rates are important if a utility is not allowed to file an application with multiple future test years and is prohibited from filing a new rate case until after the Board issues an order in the subsequent proceeding. Joint Utilities point out that customers are protected because temporary rates are subject to refund.

b. OCA supports the provision in subparagraph 26.4(3)(a)(3) regarding regulatory principles; however, OCA suggests a clarification that regulatory principles established in Board orders should be for the same utility and should not be stale. OCA states that temporary rates should only be allowed for non-controversial increases.

In reply comments, OCA argues that historic temporary rates are incompatible with a future test year application. OCA agrees that this is a legal issue that should be addressed in a contested case proceeding. OCA suggests that a utility may be prohibited from implementing temporary rates in a future test year application; however, a utility may file a historic test year after the final order in the subsequent proceeding, and temporary rates are clearly allowed as part of that application.

c. MidAmerican states that temporary rates should not be included in these rules because they are allowed in Iowa Code § 476.6(9)(a).

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d. IBEC restates its opposition to implementation of temporary rates as part of an application based upon a future test year. IBEC suggests that properly managing costs and forecasting data could eliminate regulatory lag and, if the utility experiences significant increases in expenditures, that means the utility has made an error in the timing of rate cases and forecasts and is overspending. These types of errors are the risk of using a future test year.

e. The subrule adds a sentence to subparagraph 26.4(3)(a)(3) that explains that regulatory principles may be established by statute, court decision, or in a Board order where the issue was litigated and not settled. Regulatory principles are not established based upon settled issues, and regulatory principles based upon a Board decision may become outdated. The Board does not agree that regulatory principles should be limited to Board orders for the same utility.

The subrule in the draft Adopted and Filed did not address the issue of whether temporary rates may be filed with an application for a general rate increase based upon a future test year. Comments have been filed in support of and against temporary rates in future test year applications. The Board is not adopting a change to this subrule from the draft Adopted and Filed. The Board considers the issue of temporary rates being filed with an application based upon a future test year to be a legal issue that needs to be resolved in a contested case proceeding and not in these rules.

4. Subrule 26.4(4)

Subrule 26.4(4) establishes minimum filing requirements for an application for a general rate increase based upon a historic test year. The Board in the draft Adopted and Filed established filing requirements based upon the comments filed and discussions at the workshops. Some specific suggestions were made in the comments

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filed regarding the draft Adopted and Filed, and those comments are addressed below.

Those provisions not addressed are adopted as set out in the draft Adopted and Filed.

a. The subrule includes a requirement in subparagraph 26.4(4)(d)(23) that the utility include a statement that no direct or indirect lobbying expenses are included for recovery in rates to implement Iowa Code § 476.18(1). OCA suggests adding the same provision for advertising expenses that are prohibited for recovery from ratepayers in Iowa Code § 476.18(3). The Board has added advertising expenses to the requirement in this subparagraph to implement Iowa Code § 476.18(3). The Board will also include this requirement in minimum filing requirements for future test year applications in subrule 26.4(5).

b. The subrule in the draft Adopted and Filed includes a requirement in 26.4(4)(d)(24)(1) that the utility provide the Board and OCA three paper copies each of the application and the material filed in support of the application as accepted into the Board's electronic filing system (EFS). There have been objections to this requirement by the utilities, and OCA supports the requirement.

The Board is retaining this requirement as part of the filing requirements for an application; however, the Board understands that there are some workpapers that contain voluminous pages of numbers that may not be necessary to print and include in the printed copies. The subrule includes language that allows the utility to provide a single page in the printed copies showing what workpapers are not being included and where those workpapers are located in the application or minimum filing requirements. The Board or OCA may then request a printed version of those pages if the pages are considered necessary for review of the application and minimum filing requirements.

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c. OCA suggests that the minimum filing requirements for a historic test year include the same provision that is in the minimum filing requirements for a future test year application at 26.4(5)(f). This paragraph requires a utility to provide its revenue requirement calculation in an Excel spreadsheet format which will be available on the Board's website. The Board finds this suggestion reasonable for consistency and ensures that the Board has these calculations in both historic and future test year applications.

d. OCA raised a concern about the language in paragraph 26.4(4)(e) that the filing requirements for Excel spreadsheets could be modified by the Board. OCA is concerned the approval of modifications could be done as part of an ex parte communication. The Board does not interpret the sentence to allow ex parte communication. As with all requirements for Board approval, a request for modification must be filed in the docket, and other parties may file objections to the request before the Board issues an order either granting or denying the request. The Board is adopting the language in the draft Adopted and Filed.

e. ELPC, EIC, and Sierra Club suggest that the rules should require a utility to address the cost effectiveness of generation because Iowa law requires utilities demonstrate rates are just and reasonable. These commenters cite the Board's final decision and order in Docket No. RPU-2018-0003 where the Board stated that "should a rate-regulated utility continue to utilize an uneconomic facility, the Board may disapprove the costs incurred as imprudent or unreasonable during a rate case." These commenters suggest that the cost effectiveness of a utility's entire generation fleet should be evaluated as part of a rate case.

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MidAmerican states that ELPC, EIC, and Sierra Club are attempting to create a resource planning process as part of a review of a utility's rates. MidAmerican states that this suggestion is not appropriate in every general rate case and should not be part of minimum filing requirements.

OCA states that it is not sure requiring a cost-effectiveness analysis for generation should be part of minimum filing requirements. It could be part of a case, if the utility includes an analysis as part of the support for a general rate increase.

The Board does not consider an analysis of a utility's generation facilities to be necessary as part of minimum filing requirements. Such an analysis would not be necessary in every rate case, and a complete analysis and review of a utility's generation facilities is better addressed in a separate docket where all the issues about a utility's generation facilities can be addressed. If during that review, specific generation facilities are determined to be uneconomic, the issue of recovery of costs associated with an uneconomic facility can be addressed in a rate case. The Board recognizes, as OCA points out, that a utility may raise issues involving generation facilities to support an increase in revenue and then an analysis might be required.

5. Subrule 26.4(5)

a. The opening paragraph of the draft Adopted and Filed of this subrule sets out filing requirements for an application based upon a future test year. The opening paragraph in the draft Adopted and Filed included a provision that a utility is allowed to file an application that included a proposed rate increase for two different types of services. Requirements for a utility that requests a rate increase for two types of utility services in one application are set out in the opening paragraph. The subrule also provided that a new application for a general rate increase may not be filed until the

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Board has issued a final order in the subsequent proceeding required from the previous rate case based upon a future test year.

LEG does not support allowing a utility to file one application for two types of service. LEG states that it is burdensome for customers to participate in a rate case proceeding, especially if the customer is only interested in one type of utility service. LEG states that any benefits the utility may realize do not offset this problem and allowing two rate cases in one application is not consistent with the statute.

OCA also does not support a combined application. OCA states that gas and electric utilities are statutorily separate utilities in Iowa. Each utility has separate capital, expenses, and capital risk profiles that require separate testimony and other evidence. Even though electric and gas utilities may share common cost centers, OCA states that this does not justify allowing a combined application.

Joint Utilities argue that the limitation on filing a new rate case until after the Board issues a final order in the subsequent proceeding prevents a utility from filing a new rate case for nearly three years. Joint Utilities argue that this requirement is not authorized by the Iowa Code. Joint Utilities state that a similar provision was proposed and not adopted by the Iowa Legislature when Iowa Code § 476.33 was enacted, and the Board cannot adopt a rule to implement failed legislation. Joint Utilities point out that the period reviewed in the subsequent proceeding and in a future test year are completely separate, and the provision creates a disincentive for a utility to use a future test year. OCA states that the limitation on filing a rate case is not unreasonable.

The Board has considered the filing of a combined application for two types of utility services and has determined that the benefits to the utility outweigh any difficulties that may arise from combining proposals for rate increases in one application. The

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utility is still required to meet the minimum filing requirements and is required to file separate financial information. Combining two utilities into one application does not preclude the Board from requiring separate hearings if the issues need to be heard separately.

With regard to the limitation on filing a new rate case until after the Board's final order in a subsequent proceeding, the Board considers this limitation to be in compliance with Iowa Code § 476.33(4)(b), which establishes the requirements for a future test year application. One of the requirements for a future test year application is the requirement that the Board conduct a subsequent proceeding to determine if the actual costs and revenues are reasonably consistent with the costs and revenues approved by the Board in the initial case. This provision also requires the Board to adjust rates accordingly if the costs and revenues are not reasonably consistent.

The subsequent proceeding is then part of the rate case, and the rate case is not complete until the Board issues a final order in the subsequent proceeding and has adjusted rates, if necessary. Allowing the filing of a new rate case prior to an order in the subsequent proceeding would distort the regulatory process established by the Legislature and would require the Board, and the parties, to address rates in two overlapping, different proceedings for the same utility at the same time.

The Board also does not agree with Joint Utilities' timeline for filing a new rate case after the final order in a subsequent proceeding. If rates approved by the Board are effective on February 28, 2020, and the utility is required to file actual costs and revenues within 90 days of a 12-month period beginning the month after the approved rates are effective, which would be March 1, 2020, then the utility will file the actual costs and revenues on or before May 29, 2021. The final order in the subsequent

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proceeding will then be issued approximately September 27, 2021, under normal circumstances. A new rate case can then be filed on September 28, 2021.

Filing a rate case on September 28, 2021, means that the new rate case test year will be, at the latest, the 12 months beginning September 28, 2022. Thus, permanent rates could become effective on September 28, 2022, which is two years and seven months after the Board approves rates in a rate case based upon a future test year. Due to rates in a future test year being based upon projected information, the Board does not consider it unreasonable that the rates based upon a future test year should continue to be appropriate for that period of time. That means the utility will be able to increase rates to avoid regulatory lag as early as October 8, 2021.

b. OCA suggests that the Board include a requirement for a future test year application that the utility file the historic test year information described in subrule 26.4(4). OCA states that this requirement will ensure that all historic information is provided, because there are currently gaps in the historic information to be provided in minimum filing requirements for a future test year application. In addition, OCA suggests that the information from 26.4(4)(d)(21), cited by OCA as subparagraph (20), be included in future test year minimum filing requirements. OCA also suggests that the requirements in 26.4(4)(d)(24)(2), requiring parent information, be included in future test year minimum filing requirements.

The Board has not adopted OCA's suggested requirement for all historic test year minimum filing requirements to be part of the minimum filing requirements for a future test year application. The Board has adopted those historic test year minimum filing requirements determined to be applicable to future test year minimum filing requirements.

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The Board has included the requirements from subparagraph 26.4(4)(d)(24) regarding historic capital structure data in future test year minimum filing requirements. The Board has not included the information in 26.4(4)(d)(24)(2) as part of minimum filing requirements for a future test year application. In a future test year, this requirement would require projected capital structure and capital cost rates for the parent company, which would be speculative.

c. Paragraph 26.4(5)(a) requires information about the forecasted amounts for the major components of the rate application, and not all components. OCA suggests that language be added to this paragraph to define major components using the categories in subparagraphs 26.4(5)(b)(1)-(7), as well as include utility operating revenues by rate schedule and other operating revenues.

The Board has not adopted this additional language. Utilities understand what major components of a rate increase application are, and if projected information about a component is not provided, the information can be requested.

d. OCA suggests that subparagraph 26.4(5)(b)(8) be clarified to explain that the requirements of monthly and annual billing unit information include kilowatt-hour and therm sales, and monthly and annual customer numbers. OCA points out that IPL agreed to this clarification in IPL's May 26, 2020 comments. The Board has adopted the language proposed by OCA for clarification.

e. OCA suggests that numbered paragraph 26.4(5)(b)(8)(2) be expanded to mirror subparagraph 24.4(4)(d)(22) for historic test year minimum filing requirements, which requires the model used to calculate weather normalization adjustment and inputs be provided. The Board is not convinced that the model approved by the Board

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is applicable to future test year gas rate cases and therefore has not adopted OCA's suggested revisions.

f. OCA suggests that subparagraph 26.4(5)(b)(11) be revised by adding language from subparagraph 26.4(4)(d)(9) that the application filed by the utility shall be in compliance with all other rules of the Board concerning rate design and cost studies. The Board has adopted the sentence suggested by OCA to reflect the overall requirement for the proposed rate increase filed by the utility in the rules adopted.

g. The Board will also adopt a new subparagraph 26.4(5)(c)(8) to include the same filing requirements for a future test year application that are in subparagraph 26.4(4)(d)(21).

E. 199—26.5(17A,476) Compliance filings and tariffs.

Rule 26.5 in the draft Adopted and Filed provides that a utility may file compliance tariffs at any time after the Board issues the final order in a rate case. The rule also provides that OCA and other intervenors have 20 days to file responses to compliance tariffs. No comments were filed regarding this rule. The Board is adopting this rule as shown in the draft Adopted and Filed.

F. 199—26.6(17A,476) Subsequent proceeding in rate case proceedings based upon a future test year.

1. Subrule 26.6(2)

a. Joint Utilities suggest that the customer class information required in subrule 26.6(2) in the draft Adopted and Filed is excessive and unnecessary. Joint Utilities contend if a utility is within the return on equity (ROE) standard of reasonableness band set by the Board and is seeking no change in rates as part of the subsequent proceeding, there is no need for the class information. Joint Utilities

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suggest that a class-based approach to the subsequent proceeding process will create a highly litigious, inefficient, one-sided process that will be misunderstood by customers and appear to be another rate case.

In particular, Joint Utilities state that the requirement to file a new revenue allocation and resulting rates should be removed as they are not representative of the ratemaking decisions that resulted in the rates approved by the Board. According to Joint Utilities, the Board does not require strict cost-based rates shown in the cost-of-service survey study for the approved rates, and the final rates implement a revenue allocation that mitigates the impacts to certain customer classes. According to Joint Utilities, the Board approves adjustments to a utility's final rates to reflect an allocation that will result in an intentional higher collection from some classes and a lower collection from other classes, as compared to direct implementation of a cost-of-service survey study.

Joint Utilities state that a utility filing a subsequent proceeding cannot precisely replicate the Board-approved rate mitigation adjustments applied in the rate review. These mitigating adjustments are made after reviewing the cost-of-service survey study to evaluate the impact to each customer class. Thus, the actual revenues and costs put through the cost-of-service survey study again, even under set allocation methodologies as approved in the rate review, will culminate in a revenue allocation and resulting rates that include new rate mitigation adjustments. Any adjustments from the cost-of-service survey study, even if a utility attempted to use a similar rationale to rate mitigation applied in the rate review, would necessarily reflect some judgment of the person preparing the allocation and would unnecessarily adjust the subsequent proceeding into

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a new historic rate case where parties would argue for a revenue allocation favoring their customer class.

Joint Utilities state that this is a particularly unnecessary and litigious exercise for utilities that may not have strictly cost-based rates when the actual costs and revenues result in an ROE that is within the Board-approved ROE band. The ROE band adopted by the Board is a utility-level review metric, making these class-based analyses wholly unnecessary. Joint Utilities state that requiring class-based information in this situation unnecessarily delves into a utility's ability to operate the company, violates the traditional utility compact, and unnecessarily complicates the proceeding, particularly where no rate change is proposed by the utility.

b. OCA supports the filing requirements in subrule 26.6(1) that require updated information based upon actual data from the verification period. OCA states that this information will allow OCA, the Board, and other stakeholders to determine if actual costs and revenues are reasonably consistent with those approved by the Board, pursuant to Iowa Code section 476.33(4)(b). OCA states that the Board's provision in the draft Adopted and Filed is consistent with the language and intent of the future test year legislation. OCA suggests that Joint Utilities' position would deny customer classes relief from excessive charges resulting from inaccurate class-specific revenue forecasts and should be rejected.

OCA disagrees with Joint Utilities' assertion that customer class information should not be part of the subsequent review filing requirement. The utility's sales forecast is conducted on a class basis. Different growth assumptions and adjustments are incorporated in these forecasts. It is impossible to consider whether the utility's revenues are reasonably consistent with what the Board approved without the utility's

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class-specific customer sales/revenues. If class sales are significantly underestimated in the forecast, this will likely result in excessive rates for the class, which may or may not cause the utility to over earn in relation to its approved ROE. In addition to evaluating whether the utility earned its authorized ROE, it is equally important to review the accuracy of the utility's forecasted revenues by class for the verification period. The Board cannot "adjust rates accordingly" if there is no information about which customer classes have been overcharged and by how much.

c. LEG supports requiring a cost-of-service survey and associated revenue allocations study required in this subrule.

d. The subsequent proceeding established as part of the procedures for reviewing a general rate increase application based upon a future test year has not been addressed in a rate case, and a similar procedure is not found in procedures established in other states. Two subsequent proceedings are scheduled, in Docket Nos. RPU-2019-0001 and RPU-2019-0002, for this summer. The rules in chapter 26 establishing the filing requirements and procedures are required to be adopted by the Board prior to April 18, 2021, with an effective date of June 23, 2021, at the latest.

The Board's primary concerns in establishing rules to implement the subsequent proceeding procedures and filing requirements are to balance the interests of the utilities, OCA, and stakeholders, and provide a process to expeditiously complete the Board's review and issue an order within 120 days. Utilities would like a process where information is limited and review is based primarily on the information provided by the utility. OCA and intervenors envision a process where class discrepancies will be addressed and rates for classes adjusted accordingly, if necessary.

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The Board does not consider either position to be reasonable or conducive to a process that allows for a determination by the Board whether the actual costs and revenues over a 12-month period after rates are approved are reasonably consistent with the costs and revenues approved by the Board. The Board considers it necessary to have sufficient information filed by the utility to evaluate the actual costs and revenues. Class cost-of-service survey information, rates, and revenue information similar to what is filed in support of a settlement will provide the necessary information. Filing this information at the beginning of the review process will allow the Board, under normal circumstances, to review, consider, deliberate and issue an order within 120 days.

The information required will also provide the Board and other parties a baseline of actual costs and revenues for the next rate case filed after the Board issues its order in the subsequent proceeding. The Board understands that rates approved by the Board are adjusted based upon equity and other considerations. This does not mean no cost-of-service survey information should be required and it does not mean rates will automatically be adjusted to address cost-of-service differences. The adjustments made to the cost-of-service survey study setting the approved rates are known and will be considered when reviewing the cost-of-service survey study based upon the actual costs and revenues.

The Board does not consider the Joint Utilities' arguments to be persuasive. The statute requires the Board to adopt rules for the subsequent proceeding, and part of the Board's statutory requirement is to adopt rules that implement the intent of the statute. In establishing the requirement for a subsequent proceeding to review actual costs and revenues, it is reasonable for the Board to obtain sufficient information to make the

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determination required and to develop procedures if the Board finds the statutory requirement is not met. The rules being adopted by the Board in 26.6 fulfill the Board's statutory requirement and balance the interests of the utility, OCA, and any intervenors. The Board is adopting subrule 26.6(2) as shown in the draft Adopted and filed.

2. 26.6(3)

This subrule gives OCA and intervenors 30 days to file responses to the information filed by the utility. Because the Board is requiring the class cost-of-service survey, rates, and revenue information be filed by the utility, 30 days is a reasonable period for OCA and intervenors to review that information.

3. 26.6(4)

This subrule provides the Board within 60 days after the utility files its information to issue an order either finding that the actual costs and revenues are reasonably consistent with the costs and revenues approved by the Board, or issue an order scheduling a hearing for questions from the Board. If the ROE calculated by the utility falls within the standard of reasonableness of 50 basis points above or below the authorized ROE, the rule creates a presumption the actual costs and revenues are reasonably consistent with those approved by the Board. Unless the presumption is shown to be invalid, the Board intends to issue an order based upon the presumption.

Joint Utilities in earlier comments supported a 70-basis-point standard of reasonableness. OCA and IBEC support the 50-basis-point standard of reasonableness. IBEC points out that the 50-basis-point band has been adopted by other states for similar reviews. The Board considers the 50-basis-point standard of reasonableness band above and below the approved ROE to be a reasonable standard and has adopted subrule 26.6(4) as shown in the draft adopted and filed.

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4. 26.6(5)

This subrule provides if the Board finds the ROE falls outside the standard of reasonableness, or there are issues the Board considers significant, the Board will schedule a hearing. The hearing is required to be scheduled within 90 days of the utility filing. Parties are required to present witnesses for questions from the Board, and parties may ask questions of the witnesses. The hearing is similar to a hearing to review a proposed settlement filed in a rate case. The Board is adopting subrule 26.6(5) as shown in the draft Adopted and Filed.

5. 26.6(6)

This subrule establishes a requirement that the Board issue an order within 120 days of the date the utility files its information. The order will address whether the actual costs and revenues are reasonably consistent with those approved by the Board and, if the Board finds that the actual costs and revenues are not reasonably consistent with those approved by the Board, then the Board “shall adjust the rates accordingly.” The subrule in the draft Adopted and Filed provides that the Board may order refunds where warranted.

a. Joint Utilities argue that refunds are inconsistent with the statute, and the Board does not have authority to order refunds as a result of the subsequent proceeding. Joint Utilities point out that authority for the Board to grant refunds was proposed, and not adopted, during the consideration of enactment of Iowa Code § 476.33(4)(b). Joint Utilities suggest that the rule could be overturned on judicial review as violating the prohibition against retroactive ratemaking. Joint Utilities also point out that only allowing for refunds is not a balanced approach.

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In reply comments, Joint Utilities argue against the positions taken by OCA, IBEC, and LEG regarding refunds, interest on refunds, and adjustment in rates downward if the ROE falls outside the standard of reasonableness band.

b. OCA argues against limiting any rate adjustment to the standard of reasonableness band. OCA argues that any ROE that falls outside of the band should be adjusted to the approved ROE. OCA also argues that a rate increase, if the ROE falls outside of the band, is not an appropriate remedy and the subrule should be changed to remove “increase or reduction” and replace that language with “adjustment.”

In reply comments, OCA states that the Legislature did not intend that a utility retain excess earnings. OCA states that refunds help ensure that forecasted rates are reasonable, and the statute does not limit the Board’s authority to order refunds as part of adjusting rates accordingly.

c. IBEC supports the language in this subrule that allows for refunds. IBEC argues that the possibility of refunds is consistent with the language in the statute that the Board “shall adjust the rates accordingly.” IBEC states that providing for refunds prevents the utility from unfairly benefiting from excessive rates.

In reply comments, IBEC argues that Joint Utilities appear to take the position that there should be no subsequent proceeding, even though it is provided for in the statute. IBEC states that Joint Utilities have not provided a credible argument against refunds being required as a result of the subsequent proceeding. IBEC then cites to the House Republican Staff Analysis of SF 2311 for a discussion of the subsequent proceeding as a “true-up,” which IBEC argues supports refunds.

d. LEG supports the language allowing for refunds if warranted. LEG assumes that an adjustment to rates would be applied on a customer rate class basis

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determined by the cost-of-service survey and associated revenue allocation study, rather than on a uniform basis. According to LEG, adjustments by class will move rates closer to cost-based rates and any refunds should also be class based. LEG supports using the interest established in Iowa Code § 476.6(9)(c) for refunds. IBEC also states that refunds were discussed as part of the debate about the best way to provide refunds if the utility was found to have over-collected.

e. The Board is required by Iowa Code § 476.33(4)(b) to adjust rates accordingly, if the Board finds that actual costs and revenues are not reasonably consistent with those approved by the Board. In the draft Adopted and Filed, the Board included a provision that when adjusting rates in the subsequent proceeding, the Board could require refunds. Joint Utilities oppose this provision, while OCA, IBEC, and LEG support the provision.

The Board recognizes that the provision that the Board “shall adjust the rates accordingly” does not prohibit refunds; however, the provision does not specifically provide for refunds. As with the rules implementing other statutory provisions establishing requirements for a future test year rate case, the Board must adopt rules that balance the interests of the utility, OCA, intervenors, and other customers, and that are consistent with the statute.

The Board finds that there is some legislative history that supports the Board’s authority to order refunds; however, no specific statutory authority for refunds is included in Iowa Code § 476.33(4). The Board does not expect the issue of refunds to come up on a regular basis in subsequent proceedings. The Board expects that actual costs and revenues should produce an ROE that falls within the standard of reasonableness. If the actual costs and revenues produce an ROE above the standard

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of reasonableness, then the issue of refunds may be raised, as well as issues concerning how to adjust rates going forward.

The Board has determined, based upon the comments, that a provision about refunds should not be included in these rules. This issue is a significant legal issue that would be better decided after a fuller presentation of the legal arguments in relation to a specific set of facts in a subsequent proceeding. Adoption of the language as shown in the draft Adopted and Filed would shift the focus from possible refunds in a specific set of facts to the Board's rules. The Board finds that the most reasonable approach with regard to this issue is to remove the language from the adopted rules and allow parties to address the issue when the issue of refunds is raised in a subsequent proceeding.

G. 199—26.7(17A,476) Rate case expense.

Joint Utilities urge the Board to revise this rule to extend the period for rate case expense recovery through the final order for both the initial rate case and the subsequent proceeding. MidAmerican suggests that rate case expense recovery be revised through the filing of compliance tariffs. OCA sees no need for a revision to this rule because under the language in the draft Adopted and Filed, a utility may request recovery through an extended period.

The Board is adopting rule 26.7 as shown in the draft Adopted and Filed. The rule includes language that a utility may request rate case expense beyond briefs on a case-by-case basis. Whether rate case expense should be allowed beyond reply briefs is a decision better left to each docket and the facts in that docket.

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H. 199—26.8(17A,476) Procedural schedule in Iowa Code section 476.6 proceedings.

Rule 26.8 establishes standard time periods for filing testimony and exhibits by OCA, intervenors, and the utility, and when a hearing should be scheduled. The rule identifies the initial testimony filed by OCA and intervenors as “direct testimony,” the testimony by OCA and intervenors addressing each other’s direct testimony as “cross-rebuttal,” and the testimony filed by the utility addressing OCA’s and intervenors’ direct testimony as “rebuttal testimony.” Other filing requirements will be determined by the Board on a case-by-case basis.

MidAmerican filed comments supporting the naming conventions in this rule. The Board has adopted the language in this rule as shown in the draft Adopted and Filed.

I. 199—26.9(17A,476) Consumer comment meetings in Iowa Code section 476.6 general rate case proceedings.

Rule 26.9 establishes requirements for consumer comment meetings, including Board approval of the date, time, and location of those meetings. The Board is not including a requirement that a utility have a prepared presentation for the consumer comment meetings; however, the Board may require a presentation as part of a procedural schedule. The Board has adopted the language as shown in the draft Adopted and Filed.

J. 199—26.10(17A,476) Switching from a future test year to a historic test year.

Rule 26.10 establishes the time when a utility may file an application for a general rate increase based upon a historic test year when the utility has rates approved based upon a future test year. The rule provides that the application based upon a historic test year cannot be filed until after the Board issues the final order in the

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subsequent proceeding. Until rates are finally determined to be reasonable in the subsequent proceeding, the Board does not consider it reasonable for the utility to file a new rate case.

IPL supported the rule as written in the draft Adopted and Filed. The Board is adopting the language in the draft Adopted and Filed.

K. 199—26.11(17A,476) Rate proceedings for small utilities.

Rule 26.11 establishes an abbreviated process and filing requirements for rate-regulated, investor-owned utilities with fewer than 10,000 customers. The process includes a technical conference before the tariff is filed, establishes a method for determining an ROE, establishes a rebuttable presumption for reasonable rate case expense, and requires the Board to issue an order within 90 days of the filing. The rule in the draft Adopted and Filed did not include a cap on the amount of a rate increase requested, which was proposed in the NOIA.

OCA filed comments opposing removal of the 5 percent cap on rate increases and the increase in the amount of rate case expense presumed to be reasonable. OCA also proposed a revision to paragraph 26.11(5)(b) related to the ROE allowed for in the rule. The revision is as follows:

b. Return on equity (ROE) will be ~~based on the average ROEs~~ROE approved for utilities by the board in the prior twenty-four months following either litigation or a settlement ROE determined to be reasonable. ~~or, if~~If the board has not approved an ROE in the past twenty-four months, the utility shall use the average of the ROEs ~~granted~~approved by other jurisdictions for the same utility service for the year preceding the date of filing, provided there was a minimum of five such approvals. If there was not a minimum of five such approvals, the board may extend the one-year period as necessary to increase the number of approvals to five or more or may make such other provision for ROE as the board may determine to be just and reasonable.

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OCA stated that the rule needs to be clarified when the rate increase becomes effective, 30 days after filing or after a Board order issued 90 days after the filing. OCA argues that temporary rates should not be allowed for a filing under this rule. OCA also suggests that the term “rejecting” be included in subrule 26.11(10).

The Board does not consider reliance on ROEs produced by a settlement to be reasonable and will not adopt the language proposed by OCA. The process of determining a reasonable ROE proposed by OCA appears to be somewhat unwieldy; however, the Board will adopt the language in case the Board has not approved an ROE in a rate case in the 24 months prior to the tariff being filed. The Board accepts that there should be a minimum number of ROEs approved in other jurisdictions to establish a reasonable ROE for a small utility.

The Board is adopting language that includes the term “rejecting” in subrule 26.11(10) and has adopted language to subrule 26.11(3) that the proposed 30-day tariff will be docketed and suspended by the Board. The Board is not adopting a cap on the amount of rate increase that can be proposed. The issue of how large an increase to grant is an issue for the review of the proposed tariff. The Board is adopting the language that rate case expense of \$150,000 is presumed reasonable. The Board considers this amount of rate case expense to be reasonable when compared to the cost of a fully litigated rate case.

L. 199—26.12(17A,476) Applications pursuant to Iowa Code section 476.6 that are not general rate increase applications.

Rule 26.12 establishes filing requirements for proposed tariff filings other than those required as part of the application for a general rate increase. Subrule 26.12(4) addresses automatic adjustment mechanisms and provides that rates filed pursuant to a

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Board-approved automatic adjustment mechanism do not need to meet the filing requirements of this rule. The draft Adopted and Filed rule required that the initial approval by the Board of an automatic adjustment mechanism requires a contested case proceeding.

MidAmerican suggested that requiring a contested case proceeding to implement a new automatic adjustment mechanism is unnecessary, and Iowa Code § 476.6(8)(a) authorizes implementation of automatic adjustment mechanisms. OCA suggested language to address MidAmerican's suggestion. OCA's suggested language is: "The initial approval of an automatic adjustment mechanism requires notice to customers and may require a contested case hearing."

The Board has adopted OCA's suggested language which addresses MidAmerican's suggestion. Under this rule, a new automatic adjustment mechanism may be approved after notice to customers and without a contested case proceeding where a hearing is determined to not be necessary.

M. 199—26.13(17A,476) Rate investigation pursuant to Iowa Code section 476.3.

Rule 26.13 addresses filing requirements for general rate investigations filed pursuant to Iowa Code § 476.3. MidAmerican states that the rule does not accurately reflect the difference between the language in Iowa Code §§ 476.3(1) and 476.3(2). MidAmerican suggests that the requirement for a formal rate investigation should only apply to a petition by OCA pursuant to Iowa Code § 476.3(2). OCA suggested revisions to the language in the draft Adopted and Filed and stated that it did not object to MidAmerican's suggestion.

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The Board has adopted the revisions suggested by MidAmerican to distinguish the rate investigation is pursuant to Iowa Code § 476.3(2) from complaints filed pursuant to Iowa Code § 476.3(1). The Board's rules in 199 IAC chapter 6 address complaints filed pursuant to Iowa Code § 476.3(1). The Board has also adopted OCA's suggested revisions.

N. 199—26.14(17A,476) Applications pursuant to Iowa Code section 476.7.

Rule 26.14 addresses filing requirements for applications for the Board to determine a utility's rates filed pursuant to Iowa Code § 476.7. The rule requires the filing of testimony and exhibits to support the filing. The rule provides that the same requirements are to apply if the Board initiates a formal proceeding on its own motion.

No comments were filed addressing the language in the draft Adopted and Filed. The Board has adopted that language.

O. 199—26.15(17A,476) Proposal of settlements.

Rule 26.15 establishes requirements for settlements of issues in a rate case. The rule addresses settlements of all issues, settlements of some of the issues, and unanimous settlements and non-unanimous settlements. The rule allows the settling parties five days to file the supporting cost-of-service information to support a settlement. MidAmerican filed comments supporting the language in the draft Adopted and Filed. The Board has adopted that language.

P. 199—26.16(17A,476) Rate regulation election—electric cooperative corporations and associations.

Rule 26.16 addresses filing requirements and procedures for rate increase applications filed by electric cooperatives that have requested to be rate regulated by the Board. The provisions in this rule are similar to the current requirements in

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199 IAC 26.12. No comments were filed addressing the language in the draft Adopted and Filed. The Board has adopted that language.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The rules in a new 199 Iowa Administrative Code chapter 26, as shown in the attached Adopted and Filed, incorporated into this order by reference, are adopted by the Utilities Board.
2. The Adopted and Filed notice attached to this order shall be submitted to the Administrative Code Editor for review and publication in the Iowa Administrative Bulletin.
3. The standard customer notice form and second customer notice approved by the Utilities Board shall be provided on the Utilities Board website, iub.iowa.gov.

UTILITIES BOARD

Geri Huser Date: 2021.04.19
11:38:59 -05'00'

Richard Lozier Date: 2021.04.19
11:12:28 -05'00'

ATTEST:

Anna Hyatt Date: 2021.04.19
14:33:48 -05'00'

Joshua J Byrnes Date: 2021.04.19
11:24:57 -05'00'

Dated at Des Moines, Iowa, this 19th day of April, 2021.

UTILITIES DIVISION[199]

Adopted and Filed

The following rule-making action is adopted:

Rescind 199—Chapter 26 and adopt the following **new** chapter in lieu thereof:

CHAPTER 26

RATE CASES, TARIFFS, AND RATE REGULATION ELECTION PRACTICE AND PROCEDURE

199—26.1(17A,476) Scope.

26.1(1) This chapter contains utilities board (board) procedural rules and filing requirements for utility rate cases, other rate tariff filings, and rate regulation election of electric cooperatives. The general contested case procedural rules in 199—chapter 7 apply to these types of proceedings where the rules in this chapter do not provide specific guidance.

26.1(2) The provisions of this chapter do not apply to municipal utilities.

26.1(3) The provisions of this chapter do not apply to electric utilities with fewer than 10,000 customers or to electric cooperatives or associations subject to the provisions of Iowa Code section 476.1A that have not elected to be rate regulated by the board. Electric utilities with fewer than 10,000 customers shall be subject to the same regulatory requirements as electric cooperatives prescribed in 199—chapter 27.

26.1(4) The provisions of this chapter do not apply to natural gas utilities with fewer than 2,000 customers pursuant to Iowa Code section 476.1C unless a valid petition is filed with the board pursuant to Iowa Code section 476.1C(1)“e”(1).

199—26.2(17A,476) Definitions. Terms not otherwise defined in these rules shall be understood to have their usual meanings.

“*Board*” means the Iowa utilities board or a majority of its members.

“*Board staff*” means the staff employed by the board.

“*Bridge period*” means the period between the most recent calendar year and the beginning of the proposed future test year.

“*Commodity*” or “*commodities*” means water, sanitary sewage disposal, storm water drainage, electricity, or natural gas.

“*Effective date*” means the date, approved by the board, on which the utility may begin charging a new rate or charge, or implementing tariff changes approved by the board.

“*Future test year*” means any 12-month period beginning no later than the date on which a proposed rate change is expected to take effect.

“*Historic test year*” means a 12-month period preceding when the application for a general rate increase is filed for which verifiable data exists concerning the utility’s costs and revenues.

“*Rates*” means the per-unit or per-occurrence amounts billed to customers for a recurring or nonrecurring service or commodity rendered or offered by the utility, and any charge, schedule, or regulation which a utility includes in a tariff approved by the board.

“*Subsequent proceeding*” means the proceeding the board is required to conduct subsequent to the effective date of the rates approved by the board based upon a future test year.

“*Utility*” means an investor-owned public utility subject to rate regulation by the board pursuant to Iowa Code chapter 476.

“*Verification period*” means the 12-month period of data required to be filed as part of the subsequent proceeding. The 12-month period begins the first day of the month following the month in which the rates approved by the board become effective.

“*Written notice*” means any form of written communication, including first-class mail or electronic mail if a customer has agreed to receive electronic notices from the utility for matters other than billing.

199—26.3(17A,476) Tariffs required.

26.3(1) *Tariffs to be filed.*

a. A utility shall not make effective any new or changed rate, charge, schedule, or regulation until it has been approved by the board and the board has determined an effective date, except as provided in Iowa Code sections 476.6(8) and 476.6(9). A proposed tariff consistent with this rule shall be filed with an application for a new or changed rate, charge, schedule, or regulation.

b. If the proposed new or changed rate, charge, schedule, or regulation is neither rejected nor approved by the board, the board will docket the tariff filing as a formal proceeding within 30 days after the filing date.

c. Proposed new or changed rates, charges, schedules, or regulations which contain energy efficiency expenditures and related costs for demand-side programs shall not be included in a utility’s proposed tariff which relates to a general increase in revenue. A utility may propose to recover the costs of process-oriented industrial assessments not related to energy efficiency as defined in rule 199—35.2(476).

d. The consumer advocate or any customer affected by the filing may submit within 20 days after the filing date a written objection to the filing and a written request that the board docket the filing. The board may grant the request at its discretion. The written objections and requests for docketing shall set forth specific grounds relied upon in making the objection or request.

26.3(2) *Transmittal letter and tariff changes.*

a. Two versions of all applicable proposed tariff revisions along with an accompanying transmittal letter shall be filed at the same time as an application for a general increase in rates. One version shall be a marked version that shows all of the tariff language changes for which the utility seeks approval. The second version shall be a clean copy of the tariff with all of the proposed tariff language changes incorporated. The transmittal letter shall include or be accompanied by such information as is necessary to explain the nature, effect, and purpose of the proposed tariff. The information shall include, when applicable:

- (1) The amount of the aggregate annual increase or decrease proposed.
- (2) The names of communities affected.
- (3) A summary of the reasons for filing and such other information as may be necessary to support the proposed changes.
- (4) The number and classification of customers affected.

b. The marked version shall show all additions and deletions, with all new language marked by underlined text and all deleted language indicated by strikethrough. The original sheet shall include the following symbols in the right margin to indicate the place, nature, and extent of any text changes.

- (1) The symbol C shall indicate a change in regulation.
- (2) The symbol D shall indicate a discontinued rate or regulation.
- (3) The symbol I shall indicate an increased rate.
- (4) The symbol N shall indicate a new treatment or regulation.
- (5) The symbol R shall indicate a reduced rate.
- (6) The symbol T shall indicate a change in the text that does not include a changed rate or regulation.

199—26.4(17A,476) General rate increase applications filed pursuant to Iowa Code section 476.6.

26.4(1) *Customer notification procedures.* When a utility intends to file an application for a general rate increase pursuant to Iowa Code section 476.6, the utility shall provide notice of the application as described below.

a. *Notification of rate increase to customers.*

(1) All utilities which propose to increase rates shall provide written notice of the proposed increase to all customers in all affected rate classifications. The written notice shall be mailed or delivered before

the application for increase is filed, but not more than 62 days prior to filing the application for increase with the board. The utility may send one notice to customers who receive service from a utility for two different types of service.

(2) A utility may use the standard notice form found on the board's website for notification to customers without seeking prior board approval. If the standard notice is used to provide notice to customers of a general rate increase, the utility shall file the standard notice, with the rates that are being proposed, with the board at least five days prior to sending the notice to customers. A utility that uses the standard customer notice form shall issue a press release and post notice on the utility's website of the application for a general rate increase when the utility sends the notice to customers. A utility that uses the standard customer notice form shall be required to send separate notice to customers with the dates, times, and locations of any consumer comment meetings scheduled by the board. The second notice may be sent to customers as a bill insert, if the customers receive at least 20 days of notice prior to the first consumer comment meeting. The utility shall issue a press release about the consumer comment meetings and put the dates, times, and locations of the meetings on the utility's website.

(3) A utility which proposes to increase rates and to provide notice to customers by a method that is not in substantial compliance with the standard customer notice on the board's website shall file its proposed notice for approval of the board not less than 45 days before the utility proposes to deliver the notice to its customers. A utility that uses a nonstandard customer notice shall issue a press release and post notice on the utility's website of the application for a general rate increase when the utility sends the notice to customers.

(4) The notice requirements in this paragraph are not applicable to rate increases for telecommunications services. Notice requirements for intrastate access service rates are subject to the requirements of rule 199—22.4(476).

b. Requirements for rate increase notices.

(1) A standard notice shall comply with the standard form notice on the board's website. Any deviation from the standard notice requires the filing of a proposed nonstandard notice in compliance with subparagraph 26.4(1) "b"(2).

(2) At a minimum, a nonstandard customer notice shall include the following information:

1. If the utility is proposing to place interim rates in effect, an explanation of the interim rate process applicable to the proceeding and, with respect to such proposed interim rates, all of the information that this subrule requires a utility to submit concerning final rates.

2. A description of the proposed increase in rates.

3. The proposed effective date of the proposed final increase in rates, including a statement that ultimately the board will determine if and when any changes in final rates become effective.

4. The proposed overall increase in total and base rate annual revenues stated in dollars and as a percentage for each applicable customer class.

5. A table that includes the utility's primary customer classes and that, for each class, shows the proposed monthly base rate increase, the proposed monthly base rate increase percentage, the proposed monthly overall increase in the average monthly bill, and the proposed average monthly overall percentage increase. Increases in monthly customer rates, rates for lighting, and similar rates shall be described in a footnote to the table. The utility shall highlight on the notice the rates that are proposed for a customer receiving the notice.

6. If a utility proposes significant changes to nonrecurring rates, a table that contains the following for each nonrecurring rate: the current rate, the proposed rate, and the percentage increase.

7. A statement indicating that the impact proposed new rates on amounts billed to customers may differ depending on the type and extent of usage.

8. A statement indicating that a written explanation of all current and proposed rate schedules is available without charge from the utility's local business office.

9. A statement indicating how a customer may contact the utility with any questions concerning the proposed increase in rates.

10. A statement indicating that customers have the right to file written objections to the proposed

increase with the board and to request a hearing to determine whether the rate increase should be allowed. The statement shall include the board's mailing address, email address, and electronic filing system website address. The statement shall also direct customers to provide the board with any facts that would assist the board in determining the justness and reasonableness of the requested increase and shall indicate that the written objection will be made available to the consumer advocate, who represents the public interest in rate cases before the board.

11. The time, date, and place of any applicable consumer comment meetings. The utility shall include a list of proposed locations for consumer comment meetings, and the location of consumer comment meetings to be included in the notice shall be approved by the board.

12. A statement indicating that, after a thorough investigation, the board will make a determination on final rates, which may be different from those that the utility proposes, and that, if final rates are lower than interim rates or the interim rates are not based upon previously established regulatory principles, the utility shall make refunds, including interest, to customers.

13. A statement that the overall increase includes estimated rate case expense.

(3) The proposed notice shall contain estimated cost figures and cost percentages. The estimated cost figures and cost percentages may be updated when the utility sends its approved notice.

(4) The notice shall not contain a message from the utility about the proposed rate increase. The utility may include as a separate document a message from the utility.

(5) A copy of the notice with the final dates, cost figures, and cost percentages shall be filed with the board in the rate proceeding docket at the time of customer notification along with an exhibit showing the calculations of all amounts included in the notice with source references.

(6) The form of the notice, once approved by the board, may not be altered except to include dates, cost figures, and cost percentages reflecting the latest updates. The size and quality of the type used in the notice shall be easily legible.

c. Deficiencies in nonstandard notices. Within 30 days of the utility's filing of its proposed customer notice, the board shall issue an order either approving the notice or identifying any deficiencies and setting forth the corrections and additional information necessary for the notice to comply with Iowa Code chapter 476 and with board rules. A notice found to be deficient under this rule shall not constitute adequate notice under Iowa Code section 476.6. If the board fails to issue an order within 30 days of filing, the proposed notice shall be deemed approved without change.

d. Delivery of notices.

(1) The standard customer notice form or the nonstandard notice, as approved by the board, shall be mailed or delivered electronically to all affected customers pursuant to the timing requirements of paragraph 26.4(1) "a." Notice of proposed increases may be mailed with a regularly scheduled mailing of the utility. Electronic notice shall only be sent to customers who have agreed to receive electronic billing notice and notice of other information from the utility.

(2) Standard customer notice form notices and nonstandard notices shall be conspicuously marked "Notice of Proposed Rate Increase" on the notice itself. If a separate mailing is utilized by a utility for customer notification, the outside of the mailing shall also be conspicuously marked "Notice of Proposed Rate Increase." For notices delivered electronically, the subject line shall include "Notice of Proposed Rate Increase."

(3) Failure of the postal service or Internet service provider to deliver the notice to any customers shall not invalidate or delay the proposed rate increase proceeding.

(4) After the date the first notice is mailed or delivered to any affected customer and until such rates are resolved in proceedings before the board, any person who requests utility service and is affected by the proposed increase in rates shall receive either the standard form and the notice of consumer comment meetings or the nonstandard notice approved by the board not later than 30 days after the date of commencement of service to the customer.

(5) An approved notice is required for each filing proposing a rate increase that is not directly identifiable with a previous customer notification.

e. Telecommunications service provider rate increases. Subrule 26.4(1) shall not apply to

telecommunications service providers proposing to increase rates for interexchange services, excluding extended area service and intrastate access services.

26.4(2) Applications. Applications for a general increase in rates based upon either a historic test year or future test year shall include the filing requirements in this rule. The board shall review the application and supporting testimony, exhibits, and other information to determine if the application is complete and complies with the rules in this chapter.

a. The utility shall file a cover sheet or index listing each minimum filing requirement and identify all documents applicable to each requirement filed to support an application for a general rate increase. The application and minimum filing requirements shall not be accepted by the board until all of the documents listed have been filed.

b. The board may issue an order requiring additional information during its review of the application. Within 30 days of the date the application is filed, the board may reject an application that is not in substantial compliance with the filing requirements in subrule 26.4(4) for a historic test year application or subrule 26.4(5) for a future test year application.

c. No application, pleading, document, testimony or other submission filed with a tariff incorporating a general increase in rates for utility service shall be rejected for noncompliance after the date of a board order docketing the tariff and application as a formal proceeding.

26.4(3) Temporary rate authority pursuant to Iowa Code section 476.6. When proposing a general rate increase based on a historic test year, a utility may implement without board approval temporary rates ten days or more after filing notice with the board with the effective date of temporary rates pursuant to Iowa Code section 476.6(9).

a. A utility that chooses to implement temporary rates pursuant to Iowa Code section 476.6(9) shall file the following information with its application for permanent rates:

(1) A statement that the utility has elected to implement temporary rates pursuant to Iowa Code section 476.6(9).

(2) A bond or other corporate undertaking subject to review and approval by the board that, at a minimum, is equal to the increased amount of revenue that will be recovered through temporary rates. The bond or corporate undertaking shall include a commitment to refund, as directed by the board, any amounts the board determines are in excess of the amounts that would have been collected under final rates ultimately approved by the board and amounts that are not supported by established regulatory principles.

(3) The established regulatory principles that support the amounts included in the temporary rate filing may be established by statute, court decision, or by board orders where the regulatory issue was not settled.

(4) All workpapers supporting the request for temporary authority.

b. If at the conclusion of the proceeding the board finds that permanent rates are less than temporary rates implemented by a utility, the board shall order refunds with interest calculated at a rate consistent with Iowa Code section 476.6(9) "c."

c. If at the conclusion of the proceeding the board determines that the temporary rates were not based upon previously established regulatory principles, the board shall consider ordering refunds based upon the overpayments made by each individual customer class, rate zone, or customer group with interest calculated at a rate consistent with Iowa Code section 476.6(9) "c."

d. Objections to the temporary rates put into effect pursuant to Iowa Code section 476.6(9) shall be raised as an issue in the general rate proceeding through prepared testimony filed by a party and shall be addressed by the board at the hearing and in the board's final rate order, unless otherwise ordered by the board.

e. The return on equity used to calculate temporary rates shall not be greater than the return on equity proposed by the utility for permanent rates. The return on equity proposed for permanent rates is a cap and is not presumed reasonable for temporary rates.

26.4(4) Testimony and exhibits to support applications based on a historic test year. A utility proposing changes in tariffs or rates which relate to a general increase in revenue based upon a historic

test year shall prepare and file with its proposed tariff the following evidence in the form of testimony and exhibits.

a. Factors relating to value. A statement showing the original cost of the items of plants and facilities, for the beginning and end of the last available calendar year, and any other factors relating to the value of the items of plants and facilities the utility deems pertinent to the board's consideration, together with information setting forth budgeting accounts for the construction of scheduled improvements.

b. Comparative operating data. Information covering the test year.

(1) Operating revenue and expenses by primary account.

(2) Balance sheet at beginning and end of test year.

c. Test year and pro forma income statements. Information setting forth revenues, expenses, net operating income for the last available calendar year, the adjustment of unusual items, and by adjustment to reflect operations for a full year under existing and proposed rates. The format of the information to be filed is available on the board's website at iub.iowa.gov.

d. Additional testimony and exhibits for utilities. Unless otherwise specified in these rules, the information required to be filed in this paragraph shall be based upon the calendar year immediately preceding the year in which the application for a general rate increase is filed.

(1) Rate base for Iowa jurisdictional operations calculated by utilizing a 13-month average of month-ending balances ending on December 31 of the year preceding the year of filing, and also calculated on a year-end basis, except for the cash working capital component of this figure, which will be computed on the basis of a lead-lag study as set forth in subparagraph 26.4(4) "d"(5).

(2) Revenue requirements for both total company and Iowa jurisdictional operations, to include: operating and maintenance expense, depreciation, taxes, and return on rate base.

(3) Capital structure calculated utilizing a 13-month average of month-ending balances ending on December 31 of the year preceding the year of filing, and also calculated on a year-end basis.

(4) Information supporting the proposed capital structure and information showing the calculation of the proposed capital cost for each component of the capital structure and showing requested return on rate base with capital structure and corresponding capital cost.

(5) Cash working capital requirements, including a recent lead-lag study which accurately represents conditions during the test period. For the purposes of this rule, a lead-lag study is defined as a procedure for determining the weighted average of the days for which investors or customers supply working capital to operate the utility.

(6) Complete federal and state income tax returns for the two calendar years preceding the year of filing and all amendments to those returns. If a tax return or amendment has not been prepared at the time of filing, the return shall be filed with the board under this subrule at the time it is filed with the Internal Revenue Service or the Iowa department of revenue.

(7) Information showing monthly Iowa jurisdictional expense by account as required by 199—chapter 16 unless, upon application of the utility and prior to filing, the board finds that the utility is incapable of reporting jurisdictional expense on a monthly basis and prescribes another periodic basis for reporting jurisdictional expense.

(8) A schedule of monthly consumption (units sold) and revenue by customer rate classes, reflecting separately revenue collected in base rates and adjustment clause revenues.

(9) Information showing that the rates proposed will produce the revenues requested and information showing the dollar and percent increases expected for the average rate of consumption and at the 25th and 75th percentile within major rate classes. In addition to this information, the utility shall submit in support of the design of the proposed rate a narrative statement describing and justifying the objectives of the design of the proffered rate. If the purpose of the rate design is to reflect costs, the narrative statement should state how that objective is achieved and be accompanied by a cost analysis that would justify the rate design. If the rate design is not intended to reflect costs, a narrative statement should be furnished justifying the departure from cost-based rates. This filing shall be in compliance with all other rules of the board concerning rate design and cost studies.

(10) All monthly or periodic financial and operating reports to management beginning in January two years preceding the year of filing. The item or items to be filed under this rule include reports of sales, revenue, expenses, number of employees, number of customers, or similar data, and related statistical material. This requirement shall be a continuing one, to remain in effect through the month that the rate proceeding is finally resolved.

(11) Information showing monthly tax accruals, separated between federal, state, and property taxes, including the methods used to determine these amounts.

(12) Allocation methods, including formulas, supporting revenue, expenses, and plant or tax allocations.

(13) Information showing interest rates, dividend rates, amortizations of discount and premium and expense, and unamortized 13 monthly balances of discount and premium and expense, ending on December 31 of the year preceding the year of filing, for long-term debt and preferred stock.

(14) Information showing the 13 monthly balances of common stock expense, ending on December 31 of the year preceding the year of filing.

(15) Information showing the 13 monthly balances of paid-in capital in excess of par, separated between common and preferred stock, ending on December 31 of the test year.

(16) Stockholders' reports, including supplements for the year of filing and the two preceding calendar years. If such reports are not available at the time of filing, they shall be filed immediately upon their availability to stockholders.

(17) If applicable, Securities and Exchange Commission Form 10-Q for all past quarters in the year of filing and the preceding calendar year, and Form 10-K for the two preceding calendar years or, if applicable, comparable filings for corporations headquartered outside the United States. If these forms have not been filed with the Securities and Exchange Commission at the time the rate increase is filed, they shall be filed under this subrule immediately upon filing with the Securities and Exchange Commission. This requirement is not applicable for any such reports which are routinely and formally filed with the board.

(18) Any prospectus issued during the year of filing or during the two preceding calendar years.

(19) Consolidated and consolidating financial statements.

(20) Revenue and expenses involving transactions with affiliates and the transfer of assets between the utility and its affiliates, and transactions between the utility and the utility's parent company.

(21) Information showing the following for each of the ten calendar years preceding the year of filing, and for each quarter from the first quarter of the calendar year immediately preceding the year of filing through the current quarter.

1. Earnings, annual dividends declared, annual dividends paid, book value of common equity, and price of common equity (each item should be shown per average actual common share outstanding, adjusted for stock splits and stock dividends).

2. Rate of return to average common equity.

3. Common stock earnings retention ratio.

4. For other issues of common stock: net proceeds per common share issued, and number of shares issued and previously outstanding for each issue of common stock.

(22) If the utility is applying for a gas rate increase, the model used to calculate the weather normalization adjustment and documentation supporting the model inputs. The weather normalization model preferred by the board is available on the board's website at iub.iowa.gov.

(23) A statement that no direct or indirect lobbying expenses or advertising expenses not allowed by Iowa Code section 476.18(3) are included for recovery in the proposed rates.

(24) All testimony and exhibits in support of the rate filing, attached to affidavits of the sponsoring witnesses. All known and measurable changes in costs and revenues upon which the utility relies in its application shall be included.

1. Unless otherwise required, all testimony, exhibits, and other information shall be filed in the board's electronic filing system as described in rule 199—14.5(17A,476). In addition, three paper copies of all of the documents filed electronically in the board's electronic filing system, including confidential

information, shall be provided to the board and three copies to the consumer advocate within five days of the date the application is filed. The utility is not required to print voluminous workpapers that only provide supporting information as long as the utility has filed a summary of the information and the utility includes a page in the printed material that indicates the information in the workpapers that has not been printed and where that information is found in the application or minimum filing requirements. The board or the consumer advocate may request a printed copy of this information if the information is required for review of the application or minimum filing requirements. The paper copies shall be certified by an officer of the utility or by an attorney representing the utility.

2. If the utility that has filed for the rate increase is affiliated with another company as either parent or subsidiary, the information required in subparagraphs 26.4(4) “d”(3), (4), (6), (13) to (19), and (21) shall be provided for the parent company (if any) and for all affiliates which are not included in the consolidating financial statements filed pursuant to this rule.

e. At the time of filing an application for increased rates based upon a historic test year, all utilities shall file, as exhibits to testimony, all workpapers and data used to prepare the analyses, including the Excel spreadsheet version of each Excel-based document containing all formulae, calculations, and specific source references to all keyed-in data, along with a PDF version of each Excel document, formatted for printing. The Excel spreadsheets and PDF documents shall be searchable. The filing requirements in this paragraph may be modified with prior board approval.

f. The utility may file any other testimony and exhibits which it deems pertinent to the application.

g. In rate-regulatory proceedings under Iowa Code section 476.6, the board shall consider the use of the most current test period possible in light of existing and verifiable data respecting costs and revenues available as of the date of commencement of the proceedings.

h. Known and measurable changes. In rate-regulatory proceedings under Iowa Code section 476.6, the board shall consider:

(1) Verifiable data, existing as of the date of commencement of the proceedings, respecting known and measurable changes in costs not associated with a different level of revenue, and known and measurable revenues not associated with a different level of costs that are to occur within 12 months after the date of commencement of the proceedings.

(2) Data which becomes verifiable prior to the closing of the record at the hearing respecting known and measurable:

1. Capital infrastructure investments that will not produce significant additional revenues and will be in service in Iowa within nine months after the conclusion of the test year.

2. Cost of capital changes that will occur within nine months after the conclusion of the test year that are associated with a new generating plant that has been the subject of a ratemaking principles proceeding pursuant to Iowa Code section 476.53.

3. Verifiable data filed pursuant to subparagraph 26.4(4) “h”(2) shall be provided to other parties as soon as the data is available so that other parties have a reasonable opportunity to verify the data to be considered by the board.

i. Postemployment benefits other than pensions. For ratemaking purposes, the amount accrued for postemployment benefits other than pensions in accordance with Accounting Standards Codification No. 715, Compensation—Retirement Benefits (ASC 715) will be allowed in rates where:

(1) The net periodic postemployment benefit cost and accumulated postemployment benefit obligations have been determined by an actuarial study completed in accordance with the specific methods required and outlined by ASC 715.

(2) The accrued postemployment benefit obligations have been funded in a board approved, segregated, and restricted trust account, or alternative arrangements have been approved by the board. Cash deposits shall be made to the trust at least quarterly in an amount that is proportional and, on an annual basis, at least equal to the annual test period allowance for postemployment benefits other than pensions.

(3) The transition obligation is amortized over a period of time determined by the board and does not exceed 20 years.

(4) Any funds, including income, returned to the utility from the trust not actually used for postemployment benefits other than pensions shall be refunded to customers in a manner approved by the board.

(5) The board finds the benefit program and all calculations are prudent and reasonable.

j. An actuarial study of the net periodic postemployment benefit cost and accumulated postemployment benefit obligations shall be determined and filed with the board at the time a rate increase is requested, when there has been a change in postemployment benefits other than pensions offered by the utility, or every three years, whichever comes first.

k. The utility shall provide its revenue requirement calculation in an Excel spreadsheet. The required spreadsheet format for this calculation is available on the board's website at iub.iowa.gov.

26.4(5) *Filing requirements to support applications based on a future test year.* An application for a general increase in rates based upon a future test year may be based upon one test year for each type of service, or one test year for a combined application for two types of service. If the application is for an increase in rates for two types of service, the application shall include separate financial schedules for each type of service and shall specifically identify in testimony, exhibits, and workpapers the type of service being addressed. An application for a general increase in rates based upon a future test year shall not be filed prior to the effective date of a final order regarding the subsequent proceeding in a previous proceeding based upon a future test year. An application for a general increase in revenue based upon a future test year shall include the following information to support the application:

a. For each forecast for a major component of the rate application provide the following information:

(1) Describe how each forecast was developed and include a description of the applicable starting point.

(2) Explain how and why the applicable assumptions, methods, models, and modeling inputs were used.

(3) Identify and explain any significant changes in forecast assumptions, adjustments, or methodology since the utility's last rate case or contested case review.

b. The utility's application shall include the following information for the test year:

(1) Operations and maintenance expenses by primary account, or functional grouping, including:

1. Any amounts previously specifically disallowed by the board or otherwise eliminated from current rates.

2. Any regulatory amortizations previously authorized by the board or that are being requested.

3. Additional detail outlining operations and maintenance expenses by labor costs and non-labor costs.

4. Additional detail bifurcating operations and maintenance expenses that are recovered through automatic adjustment mechanisms.

(2) Utility payroll reconciliation, including:

1. Distribution of total payroll between plant, operations, and maintenance, and any other accounts.

(3) Taxes other than income taxes.

(4) Income taxes, including any net operating losses (NOL) or other tax credits generated or utilized.

(5) Utility plant and other rate base, including:

1. Monthly utility plant in service by major function, summarizing and explaining plant additions, retirements, and transfers.

2. Monthly accumulated reserve for depreciation and amortization by major function, detailing depreciation, retirements, removal, salvage, and other amortizations or adjustments.

3. Depreciation and amortization expense by primary account or functional group.

4. Any regulatory amortizations previously authorized by the board or being requested, including unamortized balances.

5. Utility working capital rate base including a lead-lag study.

6. Monthly balances of other adjustments to utility rate base.
- (6) Revenue and expenses involving transactions with affiliates and the transfer of assets between the utility and its affiliates, and transactions between the utility and the utility's parent company.
- (7) Projected revenue requirement for operations, to include: operating and maintenance expense, depreciation, taxes, and return on rate base.
- (8) Monthly and annual billing unit information by rate schedule.
 1. Provide an explanation of any significant changes in the number of customers or usage between the most recent calendar year and the test year billing units.
 2. The data and support should identify and explain: Weather normalization methods, growth expectations, time period used as the base for building test year sales, and discrete adjustments to the base sales forecast and associated energy impacts.
 3. Provide monthly and annual kilowatt-hour or therm sales by rate schedule, monthly and annual weather-normalized kilowatt-hour or therm sales, and monthly and annual customer numbers.
- (9) Proof of revenue documentation showing that the rates proposed will produce the total requested revenue requirement. The proof of revenue should separately reflect revenue collected in base rates, revenue collected through all applicable adjustment clauses, sales for resale, and other revenues.
- (10) Rate impact information showing the dollar and percent increases expected within the average rate of consumption, and at the 25th and 75th percentile, within major classes.
- (11) Narrative statement describing and justifying the objectives of the proposed rate design. If the purpose of the rate design is to reflect projected costs, the narrative statement should state how that objective is achieved and be accompanied by a cost-of-service study that would justify the rate design. If the rate design is not intended to reflect projected costs, a narrative statement should be furnished describing and justifying the departure from cost-based rates. This filing shall be in compliance with all other rules of the board concerning rate design and cost studies.
- (12) Allocation methods, including formulas, supporting projected revenue, expenses, plant, or tax allocations.
- (13) A statement that no direct or indirect lobbying expenses or advertising expenses not allowed in Iowa Code section 476.18(3) are included for recovery in the proposed rates.
 - c. The utility shall file the following financial information:
 - (1) Projected capital structure.
 - (2) Information showing the calculation of the proposed capital cost for each component of the capital structure and information showing requested return on rate base with capital structure and corresponding capital cost for the test year, including:
 1. Debt issuances, principal repayments, and retirement of debt, all by month.
 2. Preferred stock issuances and retirements, all by month.
 3. Common stock estimated net income, dividends, and capital infusions, all by month.
 4. Source and use of funds schedule (cash flow) from the most recent actual balances, all by month.
 5. Interest rates and dividend rates.
 6. Amortizations of discount, premium, and expense, and unamortized balances of discount, premium, and expense for long-term debt and preferred stock, all by month.
 7. Common stock expense, all by month.
 8. Capital in excess of par, separated between common and preferred stock, by month.
 - (3) Projected balance sheet and income statement.
 - (4) Stockholders' reports, including supplements for the year of filing and the two preceding calendar years. If such reports are not available at the time of filing, they shall be filed immediately upon their availability to stockholders.
 - (5) If applicable, Securities and Exchange Commission Form 10-Q for all past quarters in the year of filing and the preceding calendar year, and Form 10-K for the two preceding calendar years or, if applicable, comparable filings for corporations headquartered outside the United States. If these forms have not been filed with the Securities and Exchange Commission at the time the rate increase is filed, they shall be filed under this subrule immediately upon filing with the Securities and Exchange

Commission. This requirement is not applicable for any such reports which are routinely and formally filed with the board.

(6) Any prospectus issued during the year of filing or during the two preceding calendar years.

(7) Consolidated and consolidating financial statements for the calendar year preceding the filing.

(8) Information showing the following for each of the ten calendar years preceding the year of filing, and for each quarter from the first quarter of the calendar year immediately preceding the year of filing through the current quarter.

1. Earnings, annual dividends declared, annual dividends paid, book value of common equity, and price of common equity (each item should be shown per average actual common share outstanding, adjusted for stock splits and stock dividends).

2. Rate of return to average common equity.

3. Common stock earnings retention ratio.

4. For other issues of common stock: net proceeds per common share issued, and number of shares issued and previously outstanding for each issue of common stock.

d. The utility shall file three years of historic information for the following:

(1) Subparagraphs 26.4(5) “*b*”(1), (3), (4), (6), and (8), and subparagraph 26.4(5) “*b*”(5), except for the requirement in number paragraph 5.

(2) A reconciliation of the historic billing unit information to the sales included in the utility’s annual report filings.

(3) Natural gas utilities shall also provide weather-normalized sales for each of the most recent three years on a calendar-year basis based on the board’s preferred weather normalization model.

e. The utility shall file actual updated monthly data 120 days after the filing of the application and file an update with the subsequent monthly data 30 days before the hearing for the following: subparagraphs 25.4(5) “*b*”(1), (3), (4), (6), and (8), and subparagraph 26.4(5) “*b*”(5), except for numbered paragraph 5, and subparagraphs 26.4(5) “*c*”(2) and (3).

f. The utility shall provide its revenue requirement calculation in an Excel spreadsheet. The required spreadsheet format for this calculation is available on the board’s website at iub.iowa.gov.

g. Unless otherwise required, all testimony, exhibits, and other information shall be filed in the board’s electronic filing system as described in rule 199—14.5(17A,476). In addition, three paper copies of all of the documents filed by the utility, including confidential information, shall be provided to the board and three copies to the consumer advocate within five days of the date the application is filed. The utility is not required to print voluminous workpapers that only provide supporting information as long as the utility has filed a summary of the information and the utility includes a page in the printed material that indicates the information in the workpapers and where that information is found in the application or minimum filing requirements. The board or the consumer advocate may request a printed copy of this information if the information is required for review of the application or minimum filing requirements. The paper copies shall be certified by a utility official or an attorney representing the utility.

h. Workpapers, spreadsheets, and formulas. At the time of filing an application for increased rates based upon a future test year, all utilities shall file, as exhibits to testimony, all workpapers and data used to prepare the analyses including the Excel spreadsheet version of each Excel-based document containing all formulae, calculations, and specific source references to all keyed-in data, along with a PDF version of each Excel document, formatted for printing. The Excel spreadsheets and PDF documents shall be searchable.

i. Additional testimony and exhibits. The applicant may submit any other testimony and exhibits that the applicant deems relevant to the application.

199—26.5(17A,476) Compliance filings and tariffs.

26.5(1) A utility may file compliance filings and compliance tariffs at any time after the board issues the final order in a rate proceeding, unless otherwise ordered by the board.

26.5(2) The consumer advocate and other parties shall file responses, comments, or objections to

the compliance filings and tariffs within 20 days of the date the compliance filings or tariffs are filed with the board, unless otherwise ordered by the board.

26.5(3) Compliance tariffs shall become effective on the date approved by the board or on a date set by the board.

199—26.6(17A,476) Subsequent proceeding in rate case proceedings based upon a future test year.

26.6(1) *Time period for updates for subsequent proceeding.* The utility shall file within 90 days of the end of the verification period the information, exhibits, and workpapers described in subrule 26.6(2).

26.6(2) *Updated information required.* The filing required in subrule 26.6(1) shall include an update of the cost-of-service study, revenue allocation, resulting rates, and revenue verifications, based upon methodologies approved by the board in the general rate proceeding, with actual costs, revenues, and sales applicable during the verification period. The filing shall include a calculation of the utility's return on equity based upon the updated information, exhibits, and workpapers.

26.6(3) *Other parties' filing requirements.* Any party to the future test year rate proceeding, or any other party who is granted intervention in the subsequent proceeding, may file a response to the return on equity calculation, and other information, exhibits, and workpapers, filed by the utility with information, exhibits, and workpapers within 30 days of the date the utility files its information, exhibits, and workpapers.

26.6(4) The board shall issue an order within 30 days of the filing of any response, or, if no response is filed, within 60 days of the utility's filing, an order that finds the actual costs and revenues are reasonably consistent with the costs and revenues approved by the board or shall set the matter for hearing to address questions from the board. If the board determines that the actual return on equity of the utility during the verification period falls within a standard of reasonableness of 50 basis points above or 50 basis points below the return on equity approved by the board, the actual costs and revenues shall be presumed to be reasonably consistent with the costs and revenues approved by the board.

26.6(5) *Hearing to be scheduled.* If the board determines that the return on equity based upon actual costs and revenues does not fall within the standard of reasonableness in subrule 26.6(4) or the board has questions about any of the information, exhibits, and workpapers filed by the utility, the board shall schedule the review of the actual costs and revenues for hearing. The hearing date of the subsequent proceeding shall be set no more than 90 days from the date the utility files its information, exhibits, and workpapers, unless otherwise ordered by the board. The issues to be considered at the hearing are the review of any inconsistencies between actual costs and revenues compared to the costs and revenues approved by the board. The utility and other parties shall provide witnesses to respond to board questions at the hearing and parties may ask questions of the witnesses.

26.6(6) *Order addressing issues in subsequent proceeding.* The board shall issue a final order within 120 days of the filing of the utility's information, exhibits, and workpapers required in subrule 26.6(2), unless otherwise ordered by the board. In the order, the board will determine whether the actual costs and revenues are reasonably consistent with the costs and revenues approved by the board and whether there should be any adjustment in rates based upon the board's determination. Any increase or reduction in rates based upon a return on equity outside of the standard of reasonableness band shall be calculated in relation to the band and not the return on equity approved by the board.

199—26.7(476) Rate case expense.

26.7(1) A utility making an application pursuant to Iowa Code section 476.6 shall file, within one week of the docketing of the rate case, the estimated or, if available, actual expenses incurred to date or to be incurred by the utility in litigating the rate case. Except for expenses incurred in preparation of the rate filing and notification of customers, the expenses shall be limited to expenses incurred in the time period from the date the initial application is filed through the filing of the utility's briefs unless the time period is extended by the board on a case-by-case basis. Each expense shall be designated as either estimated or actual.

26.7(2) Estimated or, if available, actual expenses shall identify specifically:

- a. Printing costs for the following:
 - (1) Rate notification letters.
 - (2) Initial filing.
 - (3) Testimony.
 - (4) Briefs.
 - (5) Other (specify).
- b. Postage costs.
- c. Outside counsel costs, including support personnel:
 - (1) The name of each attorney contracted for as outside counsel and the names of support personnel.
 - (2) Hours worked by each attorney engaged as outside counsel and support personnel.
 - (3) Cost per hour charged by each attorney and support personnel and support for the reasonableness of the rate.
 - (4) Scope of work and reason outside counsel was needed.
- d. Outside expert witness/consultant costs:
 - (1) The name of each outside consultant employed.
 - (2) Hours each outside consultant worked.
 - (3) Cost/hour per consultant employed and support for the reasonableness of this rate.
 - (4) Scope of work and reason consultant was needed. If a flat-fee arrangement is used for the services of an outside expert witness/consultant, the other information in this paragraph is still required to be provided.
- e. Expenses stated by individual for outside consultants, outside counsel, and utility personnel:
 - (1) Travel.
 - (2) Hotel.
 - (3) Meals.
 - (4) Other (specify).
- f. Other (specify).

26.7(3) Rate case expense shall not include recovery for expenses that are otherwise included in temporary or test year expenses, including salaries for staff preparing the filing, staff attorneys, and staff witnesses. Rate case expense approved for recovery from customers shall include only reasonable, nonrecurring, incremental expenses not covered by test year expenses for the period stated in subrule 26.7(1).

26.7(4) Total allowable rate case expense shall include expenses incurred by board staff and the consumer advocate for the time period stated in subrule 26.7(1). The rate case expense to be filed by the utility shall not include these expenses.

26.7(5) Estimated rate case expense may be litigated during or after the rate case proceeding. At the request of the consumer advocate, another party, or the board, the utility shall make witnesses available for cross-examination on any rate case expense item included in rate case expense.

26.7(6) Actual utility expenses shall be filed in the same format and detail as estimated expenses and shall be filed within two weeks after the utility files its reply brief or at some other point as approved by the board. All material differences between estimated and actual expenses shall be fully supported and justified. Objections to actual utility expenses shall be filed within 15 days of the filing of actual expenses.

26.7(7) The board may schedule any additional hearings to litigate the reasonableness of the final expenses. At the request of the consumer advocate, another party, or the board, the utility shall make witnesses available for cross-examination on any item included in rate case expenses.

26.7(8) The recovery mechanism for rate case expense shall be determined by the board. Recovery may be through base rates, by means of a rider, or otherwise. The applicable recovery period will be determined in the rate proceeding. Recovery through a rider will end once the expense is fully recovered.

26.7(9) A utility may recover rate case expenses for the subsequent proceeding for the preparation of the information and filing required in rule 199—26.6(476) through the date of the filing. A utility may request recovery of additional rate case expenses on a case-by-case basis.

199—26.8(476) Procedural schedule in Iowa Code section 476.6 proceedings.

26.8(1) In any proceeding initiated by a utility filing for new or changed rates, charges, schedules, or regulations pursuant to Iowa Code section 476.6, the board or presiding officer shall set a procedural schedule. The procedural schedule for an application for a general rate increase and associated revised tariffs shall be as follows unless otherwise ordered by the board:

a. Direct testimony and exhibits from the consumer advocate and other parties filed within five months from the date the application for a general rate increase is filed.

b. The consumer advocate's and other parties' cross-rebuttal testimony and exhibits filed 15 days after responsive testimony.

c. Rebuttal testimony and exhibits from the utility filed not later than six months from the date the application for a general rate increase is filed.

d. Hearing completed not later than seven and one-half months from the date the application for a general rate increase is filed.

e. Briefs of all parties filed not later than eight and one-half months after the date the application for a general rate increase is filed.

26.8(2) In setting the procedural schedule in a case, the board or presiding officer shall take into account the existing hearing calendar and shall give due regard to other obligations of the parties, attorneys, and witnesses. The board or presiding officer may, on the board's or the presiding officer's own motion or upon the motion of any party, including the consumer advocate, for good cause shown, change the time and place of any hearing. Any effect such a change has on the remainder of the procedural schedule or the deadline for decision shall be addressed when the change is ordered.

26.8(3) Additional time may be granted to a party, including the consumer advocate, upon a showing of good cause for the delay on a case-by-case basis.

26.8(4) If any party, including the consumer advocate, wishes to utilize the electric generating facility exception to the ten-month decision deadline contained in Iowa Code section 476.6, the party shall expeditiously file a motion seeking this exception, including an explanation of that portion of the suspended rates, charges, schedules, or regulations necessarily connected with the inclusion of the generating facility in rate base. Any other party may file a response to the motion.

199—26.9(17A,476) Consumer comment meetings in Iowa Code section 476.6 general rate case proceedings.

26.9(1) The board may hold consumer comment meetings to provide an opportunity for members of the general public who are customers of a utility involved in a general rate case to express their views regarding the case before the board as well as the general quality of service provided by the utility. However, specific service complaints must follow the procedure prescribed in rule 199—6.2(476). Nothing shall prohibit the board from holding consumer comment meetings in any other docketed case.

26.9(2) The location of consumer comment meetings shall be approved by the board and included in a notice to customers. A member of the board shall be assigned to preside over a consumer comment meeting. Representatives from the utility shall be present to explain, in a concise manner, the pertinent points of the utility's proposal and the utility may be required to present a graphic presentation at the consumer comment meeting that can also be provided to attendees. The utility's representatives shall also reasonably respond to any questions directed to the utility either at the consumer comment meeting or in a subsequent filing in the docket.

26.9(3) The consumer comment meeting shall be held in a major population center served by the utility at a time of day convenient to the largest number of customers. The board may schedule consumer comment meetings at multiple locations. Each meeting shall be conducted in a facility large enough to accommodate all who wish to attend. Notice of the consumer comment meeting shall be sent by the board to appropriate media outlets.

26.9(4) Individuals may submit written comments to the board. Written comments shall become part of the permanent case file but shall not constitute evidence in the rate proceeding.

199—26.10(476) Switching from a future test year to a historic test year. Consistent with Iowa Code

section 476.33, a utility may file an application for a rate-regulatory proceeding under Iowa Code section 476.6 using either a historic test year or future test year. A utility shall not file an application for a general rate increase using a historic test year until after the board issues a final order in the future test year subsequent proceeding.

199—26.11(476) Rate proceedings for small utilities. For purposes of this rule, a small utility shall mean a utility subject to rate regulation that serves fewer than 10,000 customers. A small utility that has had a rate case before the board within the past ten years shall be eligible to file an application for a rate increase under this rule no more frequently than once every 24 months.

26.11(1) At least 60 days prior to filing an application under this rule, a utility shall participate in a public technical conference with board staff and the consumer advocate at which the utility shall provide an overview of its planned rate increase application.

26.11(2) A utility filing under this rule is subject to the notice requirements of subrule 26.4(1) and the temporary rate provisions of subrule 26.4(3).

26.11(3) A utility's filing under this rule will take the form of a proposed tariff with a 30-day effective date along with supporting testimony and exhibits. The board will docket the proposed tariff for further review.

26.11(4) A utility shall file information showing the revenue requirement and revenue deficiency for Iowa jurisdictional operations, a template for which can be found on the board's website at iub.iowa.gov. If the utility is applying for a gas rate increase, the utility shall file information utilizing the weather normalization model preferred by the board, which is available on the board's website.

26.11(5) The filing shall be based upon the following assumptions:

a. Adjustments to book values shall be limited to 400 series accounting entries that are required to be excluded from rates.

b. Return on equity (ROE) will be based on ROEs approved for utilities by the board in the prior 24 months or, if the board has not approved an ROE in the past 24 months, the utility shall use the average of the ROEs approved by other jurisdictions for the same utility service for the year preceding the date of filing, provided there was a minimum of five such approvals. If there were not a minimum of five such approvals, the board may extend the one-year period as necessary to increase the number of approvals to five or more, or may make such other provision of ROE as the board may determine to be just and reasonable.

c. Utility and parent capital structures will be the same as those approved in the utility's last rate case.

26.11(6) The proposed overall rate increase will be applied uniformly to all rates and charges so that no changes in class cost-of-service allocations occur.

26.11(7) No new rates, charges, or riders shall be proposed.

26.11(8) The board establishes a rebuttable presumption that rate case expense in excess of \$150,000 for a filing under this rule is unreasonable.

26.11(9) The recovery mechanism for rate case expense shall be determined by the board. Recovery may be through base rates, by means of a rider, or otherwise. The applicable recovery period will be determined in the rate proceeding. Recovery through a rider will end once the expense is fully recovered.

26.11(10) The board shall issue an order granting, modifying, or rejecting the proposed rate increase within 90 days of the tariff required in subrule 26.11(3).

199—26.12(17A,476) Applications pursuant to Iowa Code section 476.6 that are not general rate increase applications. At the time a utility, other than a rural electric cooperative that has elected to be rate regulated by the board, files for new or changed rates, charges, schedules, or regulations, except in conjunction with general rate increase applications, the utility shall file the following:

26.12(1) Any cost, revenue, or economic data underlying the filing.

26.12(2) An explanation of how the proposed tariff would affect the rates and service of the utility.

26.12(3) All testimony and exhibits in support of the filing, attached to affidavits of the sponsoring witnesses.

26.12(4) Automatic adjustment clauses. The notice requirements in this chapter do not apply to rates filed pursuant to an automatic adjustment mechanism approved by the board. Nothing in this paragraph shall be construed to prohibit a utility from making provision for the automatic adjustment of rates for utility service, provided that a schedule showing the automatic adjustment of rates shall first be filed with and approved by the board. The initial approval of an automatic adjustment mechanism requires notice to customers and may require a contested case proceeding.

199—26.13(17A,476) Rate investigation pursuant to Iowa Code section 476.3. Complaints filed pursuant to Iowa Code section 476.3(1) shall follow the procedures in 199—chapter 6. The board shall commence a formal rate investigation as required by Iowa Code section 476.3(2) if a petition is filed by the consumer advocate alleging that a utility's rates are excessive. Rate complaint investigations to review the allegation made pursuant to Iowa Code section 476.3(2) shall include prepared testimony, exhibits, and workpapers to support the issues raised in the petition, all of which shall conform to the filing requirements for historic test year applications in subrule 26.4(4).

199—26.14(17A,476) Applications pursuant to Iowa Code section 476.7.

26.14(1) Any utility filing an application with the board requesting a determination of the reasonableness of its rates, charges, schedules, service, or regulations shall submit at the time the application filed testimony and exhibits to fully support the utility's filing. All such testimony and exhibits shall be given or presented by competent witnesses, under oath or affirmation, at the proceeding ordered by the board as a result of the application, and the proceeding shall be governed by the applicable provisions of 199—chapter 7 and rule 199—26.4(476).

26.14(2) All of the foregoing requirements shall apply in the event the board, on its own motion, initiates a formal proceeding to determine the reasonableness of a utility's rates, charges, schedules, service, or regulations.

26.14(3) All testimony and exhibits shall be marked and identified in compliance with the naming convention as described in the board's electronic filing system filing standards or as required by board order.

199—26.15(17A,476) Proposal of settlements.

26.15(1) In proposed settlements which resolve all revenue requirement issues in a rate case proceeding, parties to the settlement shall jointly file the revenue requirement calculations reflecting the adjustments proposed to be settled and the following cost-of-service information: an updated cost-of-service study showing the allocation of costs to customer classes, alternative revenue allocations if applicable, the resulting rates, the revenue verification, and the overall increase to total revenues and base rate revenues by class as compared to test year revenues. If the cost of service that supports the settlement is not agreed to by all of the settling parties, each party shall file the information based upon a party's position.

26.15(2) In proposed settlements which resolve some revenue requirement issues in a rate case proceeding and retain some issues for litigation, each party to the settlement shall file a revenue requirement calculation reflecting the adjustments proposed to be settled and the parties' positions on any remaining issues to be litigated in addition to cost-of-service information.

26.15(3) In proposed settlements which produce an agreed-upon revenue requirement as a mutually acceptable outcome to the proceeding without an agreement on each revenue requirement issue, parties to the settlement shall jointly file as exhibits to the settlement supporting documentation reflecting the specific adjustments for which the parties reached agreement and cost-of-service information.

26.15(4) For those revenue issues included in the proposed settlement which were not specifically resolved, the supporting documentation should identify the range between the positions of the parties.

26.15(5) Cost-of-service information to support a settlement may be filed up to five days after the settlement is filed.

199—26.16(476) Rate regulation election—electric cooperative corporations and associations.

26.16(1) Application of rules. Electric cooperative corporations and associations shall not be subject to the jurisdiction of the board except as provided in Iowa Code section 476.1A and this chapter.

a. Procedure for election by members. Upon petition of not less than 10 percent of the members of an electric cooperative or upon its own motion, the board of directors of an electric cooperative shall order a referendum election to be held to determine whether the electric cooperative shall be subject to the jurisdiction of the board. A petition for election shall be completed within 60 days of commencement.

(1) Any member of an electric cooperative desiring a referendum election shall sign a petition for election addressed to the board of directors of an electric cooperative, in substantially the following form:

<fo:wrapper font-size="10.5"><fo:wrapper font-size="10.5"><fo:wrapper font-size="9pt">PETITION FOR ELECTION</fo:wrapper></fo:wrapper></fo:wrapper>		
<fo:wrapper font-size="10.5">TO: (Board of Directors of subject electric cooperative) The undersigned members request you call an election to submit to the members the following proposition: Shall . . . (name of the electric cooperative) be subject to rate regulation by the Iowa Utilities Board? </fo:wrapper>		
<fo:wrapper font-size="10.5">Signature</fo:wrapper>	<fo:wrapper font-size="10.5">Address</fo:wrapper>	<fo:wrapper font-size="10.5">Date</fo:wrapper>

(2) Where signatures are made on more than one sheet, each sheet of the petition shall reproduce above the signatures the same matter as is on the first sheet. Each petitioner shall sign the petitioner's name in the petitioner's own handwriting and shall write the petitioner's address and the date on which the petitioner signed.

(3) The petition shall be filed with the board of directors of the electric cooperative and an election shall be held not less than 60 days nor more than 90 days from the date on which the petition was filed.

(4) On the election date, the board of directors of the electric cooperative shall mail by first-class mail to each member of the electric cooperative a ballot containing the following language:

Shall . . . (name of the electric cooperative) be subject to rate regulation by the Iowa Utilities Board?
Yes/No.

(5) The ballot shall also contain a self-addressed envelope to return the ballot to the secretary of the board of directors of the electric cooperative. The ballot shall be dated when received by the secretary. The ballot must be received by the secretary not more than 30 days after it was mailed to the members. The election procedure shall require a signature form for verification, but shall not allow the signature to be traced to the vote of a particular member.

(6) The issue in the election shall be decided by a majority of the members voting, whose ballots are received by the secretary. Fifty-one percent of the membership shall constitute a quorum for the election. The secretary shall certify the results of the election and file the results with the board within 30 days of the election.

b. Procedure for election by board. Upon the resolution of a majority of the board of directors of an electric cooperative, the board of directors may elect to be subject to the jurisdiction of the utilities board. The secretary of the board of directors of the electric cooperative shall file a certified copy of the resolution with the board of directors within 30 days of the adoption of the resolution.

c. Effective date. Upon the resolution of a majority of the board of directors of an electric cooperative or when a majority of the members voting vote to place the cooperative under the jurisdiction of the board, the utilities board shall determine an effective date of its jurisdiction, which shall be not more than 90 days from the election. On and after the effective date of jurisdiction, the cooperative shall be subject to regulation by the utilities board.

d. Prohibited acts. Funds of an electric cooperative shall not be used to support or oppose the issue presented in the election. Nothing shall prohibit a letter of explanation and direction from being enclosed with the ballot.

e. Procedure for exemption. After the cooperative has been under the jurisdiction of the board for two years, the members or the board of directors of the electric cooperative may elect to remove the cooperative from under the jurisdiction of the board as allowed by Iowa Code section 476.1A(4). If the membership elected to have the cooperative's rates regulated by the board, only the membership may elect to exempt the cooperative from the rate regulation authority of the board.

f. Frequency of election. An electric cooperative shall not conduct more than one election pursuant to this subrule within a two-year period.

26.16(2) Rate increase requirements—rural electric cooperatives. The board's consideration of the fair and reasonable level of rates necessary for rural electric cooperatives that have elected to be subject to rate regulation by the board shall include the following:

a. Minimum filing requirements. An electric cooperative subject to rate regulation proposing changes in tariffs or rates which relate to a general increase in revenue shall prepare and file with its proposed tariff evidence in the form of testimony and exhibits.

b. Factors relating to value. A statement showing the original cost of the items of plant and facilities, for the beginning and end of the last available calendar year, and any other factors relating to the value of the items of plant and facilities the utility deems pertinent to the board's consideration, together with information setting forth budgeting accounts for the construction of scheduled improvements.

c. Comparative operating data. Information covering the test year.

(1) Operating revenue and expenses by primary account.

(2) Balance sheet at beginning and end of test year.

d. Test year and pro forma income statements. Information setting forth revenues, expenses, net operating income of the last available calendar year, the adjustment of unusual items, and by adjustment to reflect operations for a full year under existing and proposed rates. The format of the information to be filed is available on the board's website at iub.iowa.gov.

e. After investigation of the historic test year results and pro forma adjustments thereto, the board shall determine the extent to which the applicant has met the following conditions:

(1) Revenues are sufficient for a times interest earned ratio between 1.5 and 3.0 for coverage of interest on outstanding utility short-term and long-term debt; or

(2) Revenues are sufficient for a debt service coverage ratio between 1.25 and 2.5 on utility long-term debt; or

(3) Utility operating margins are sufficient for a ratio between 1.5 and 2.5 of utility operating margins to interest on utility short-term and long-term debt; or

(4) Utility operating margins are sufficient for a ratio between 1.25 and 1.75 of utility operating margins plus utility depreciation, all divided by utility long-term interest plus principal; and

(5) Utility operating margins are sufficient to return utility patronage capital credits accumulated from utility operating margins, with a retention of such credits of no more than 20 years allowed, subject to modification where compelling circumstances require time period adjustments.

f. In addition to the information in subrule 26.12(2), evidence of the necessity for the requested rate relief may include, but need not be limited to, utility operating margins which will enable the cooperative to attain and maintain a reasonable ratio of utility long-term debt to retained utility operating margins. The cooperative's authorized construction program and an official policy statement of the cooperative's board of directors on a desired ratio will be considered factors in the determination of the reasonableness of any such ratio.

g. The board's initial decision will become final 15 days following its date of issuance; however, if filed within that 15-day period, allegations of error by the cooperative or any intervenor as to the board's findings of fact, together with a statement of readiness to present testimony, will serve to hold final disposition in abeyance pending the scheduling and completion of an evidentiary hearing. When

such allegation is made, testimony in support of such position must be filed within 30 days of such filing. Upon receipt of the testimony, the board will schedule additional filing dates and set the matter for hearing. When a hearing is scheduled, final disposition of the rate proceeding will be accomplished under the contested case provisions of Iowa Code chapter 17A and the board's rules and regulations thereunder.

These rules are intended to implement Iowa Code sections 476.2, 476.3, 476.6, 476.7 and 476.33.