

## IOWA UTILITIES BOARD

IN RE:

EXECUTIVE ORDER 10 — REVIEW OF  
MANAGEMENT EFFICIENCY  
EVALUATION RULES RULES [199 IOWA  
ADMINISTRATIVE CODE CHAPTER 29]

DOCKET NO. RMU-2023-0029

### ORDER COMMENCING RULEMAKING

On January 10, 2023, Gov. Kim Reynolds issued Executive Order Number 10 (Executive Order), which put a moratorium on agency rulemaking and directed agencies, including the Utilities Board (Board), to engage in a comprehensive evaluation of existing rules. Pursuant to the Executive Order, the Board is conducting comprehensive reviews of each chapter of its administrative rules.

According to the Executive Order rulemaking process, an agency may not commence a formal rulemaking without first approving a final Regulatory Analysis and receiving preclearance through a Request to Initiate Rulemaking. See <https://dom.iowa.gov/red-tape-review> (last accessed on April 18, 2024) (setting forth the Executive Order 10 Rulemaking Process). In an order previously issued in the above-captioned docket, the Board approved a final Regulatory Analysis for chapter 29 and indicated it was submitting a Request to Initiate Rulemaking. Since issuance of that order, the Board has received preclearance to commence this chapter 29 rulemaking. The Board is proposing to rescind chapter 29 and re-promulgate chapter 29 with a revised version of the chapter. The proposed chapter is shown in the Notice of Intended Action (NOIA)

DOCKET NO. RMU-2023-0029

PAGE 2

attached to this order as Attachment A and incorporated in this order by reference. The official version of the NOIA will be published in the Iowa Administrative Bulletin (IAB) and may contain additional nonsubstantive editorial changes. The NOIA will be submitted to the Administrative Rules Code Editor and published in the IAB. The date for filing written comments will be in the NOIA published in the IAB. Additionally, per the Executive Order, the Board will hold two public hearings, the dates for which will be contained in the NOIA published in the IAB.

**IT IS THEREFORE ORDERED:**

1. The Notice of Intended Action attached to this order has been submitted to the Administrative Rules Code Editor for review and publication in the Iowa Administrative Bulletin and may contain editorial changes that are not shown in the attached Notice of Intended Action.

2. The Notice of Intended Action published in the Iowa Administrative Bulletin will identify the public hearing dates and the comment deadline.

**UTILITIES BOARD**

Erik M. Helland 2024.04.23  
10:07:34 -05'00'

---

Joshua Byrnes Date: 2024.04.22  
15:09:01 -05'00'

---

ATTEST:

Keetah A Horras Date: 2024.04.23  
11:17:15 -05'00'

---

Sarah Martz Date: 2024.04.22  
19:45:43 -05'00'

---

Dated at Des Moines, Iowa, this 23rd day of April, 2024.

**ATTACHMENT A**

ITEM 1. Rescind 199—Chapter 29 and adopt the following new chapter in lieu thereof:

CHAPTER 29  
MANAGEMENT EFFICIENCY EVALUATION

**199—29.1(476) Policy and purpose.** It is the policy of the board that a public utility shall be operated in an efficient manner. This chapter describes the methodology by which the board may evaluate the management efficiency of a rate-regulated utility and the actions that the board may take upon a finding as to the efficiency of a utility’s management.

**199—29.2(476) Efficiency considered in a complaint or rate case proceeding.** In a complaint proceeding conducted pursuant to Iowa Code section 476.3 or in a rate proceeding conducted pursuant to Iowa Code section 476.6, the board may determine whether a public utility subject to rate regulation is being operated in an efficient or inefficient manner. In making such a determination, the board shall evaluate the management of the utility in the manner prescribed by this chapter.

**199—29.3(476) Management efficiency evaluation.** The board may evaluate a utility’s management efficiency based upon the utility’s particular circumstances and considering a range of factors that may differ among utilities. In evaluating a utility’s management efficiency, the board may consider any of the factors listed in this chapter and any additional relevant factors. No single factor will be deemed conclusive evidence of efficiency or inefficiency. In performing the evaluation, the board may collect data to compare a utility to other rate-regulated utilities providing the same service within the state of Iowa. The board may consider data for time periods outside a rate case test year.

**29.3(1) Factors.** The board may consider the following factors:

- a. The price per unit of service (including amounts collected subject to refund) by customer class and type of service.
- b. Operation and maintenance costs per unit of service. Low operations and maintenance costs may not support a finding of efficiency if quality of service is substandard.
- c. Quality of service, as reflected in objective measures of service quality, customer complaints shown in company and board records, findings made in complaint proceedings, penalties assessed, and measures of customer satisfaction.
- d. Customer mix.
- e. The total compensation for each officer of the utility.
- f. The company’s bad debt ratio.
- g. Innovative practices implemented by utility management that result in improved service or that control costs.
- h. Geographic service territory.
- i. Economic conditions in the areas served.
- j. Weather patterns and disasters.
- k. Development and implementation of energy efficiency programs.

**29.3(2) Electric utilities.** When evaluating an electric utility, in addition to considering the factors listed in subrule 29.3(1), the board may consider factors specific to electric utilities, including the following:

- a. Fuel cost per kilowatt-hour.
- b. Availability for each generating unit with 2,000 or more service hours per year.
- c. Company-wide load factor.

**29.3(3) Natural gas utilities.** When evaluating a natural gas utility, in addition to considering the factors listed in subrule 29.3(1), the board may consider factors specific to natural gas utilities, including the following:

- a. Total cost per unit of gas purchased from a pipeline (to be considered separately from operations and maintenance costs).
- b. Total cost per unit of gas purchased from other sources (to be considered separately from operations and maintenance costs).
- c. Residential and commercial sales volume in relation to investment in the system (rate base).
- d. Unaccounted-for gas as a percentage of total sales volume.

**ATTACHMENT A**

**199—29.4(476) Rewards and penalties.** If the board makes a determination as to the efficiency of the management of a utility pursuant to this chapter, except for an electric cooperative that has elected rate regulation, the board may prescribe an adjustment of the utility's return on common equity or revenue requirement as allowed pursuant to Iowa Code section 476.52. Upon making a determination as to the efficiency of the management of a rural electric cooperative that has elected rate regulation, the board may prescribe an adjustment of the rates charged by the cooperative as part of an adjustment to the utility's revenue requirement.

These rules are intended to implement Iowa Code section 476.52.