

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:	DOCKET NO. RMU-2016-0025
REVIEW OF ASSESSMENTS RULES [199 IAC CHAPTER 17]	INITIAL JOINT COMMENTS SUBMITTED ON BEHALF OF IOWA ASSOCIATION OF ELECTRIC COOPERATIVES AND THE IOWA ASSOCIATION OF MUNICIPAL UTILITIES

COMES NOW the Iowa Association of Electric Cooperatives (“IAEC”), by and through the undersigned attorney, and hereby submits the following comments in accordance with the Order Requesting Stakeholder Comment on Potential Rule Changes issued in this Docket on February 21, 2018 (“Order”). As the Board is aware, the IAEC is a trade association representing 36 distribution cooperatives that provide electric service at retail to member consumers in their assigned service areas in the state of Iowa and seven generation and transmission cooperatives that provide wholesale electric service to the distribution cooperative members in the state of Iowa. The IAEC is participating in this docket on behalf of its members; however, any one of the IAEC's members may also file comments of their own.

The Iowa Association of Municipal Utilities (IAMU) is a trade association representing more than 540 not-for-profit, municipally-owned water, gas, electric, and communications utilities. The Board has limited jurisdiction over IAMU member utilities as provided in Iowa Code section 476.1B. IAMU appreciates the opportunity to offer comments on this docket on behalf of its member utilities.

The IAEC and IAMU support the Board's efforts to more directly assign and charge the expense of regulating each group of utilities. The IAEC and IAMU believe the proposed changes

are generally consistent with the statutory authority given to the Board with regard to assessments; however, there are a couple of places where the IAEC and IAMU believe some additional clarification may be appropriate to maintain the allocation methodology authorized by the Iowa Code. The specific comments of the IAEC and IAMU are as follows:

1. Amendment to rule 17.2(2).

Iowa Code 476.10 authorizes the Board to charge a remainder assessment and if any portion of that remainder assessment can be identified with a specific type of utility service, the Board may assess those expenses only to those entities over which the Board has jurisdiction.

The existing Board rule 17.2(2) defines "remainder assessment" and provides that such charge may consist of two parts; costs are either "expenses that can be identified with a specific type of utility" or "expenses that cannot be so identified." The Board's proposed amendment to rule 17.2(2) more formally distinguishes the two types of remainder assessments by adding a new definition for "industry direct assessment." The new definition lists the assessed industries but generally restates the existing provision as to expenses of the Board that are directly attributable to a specific industry but are not directly assessed.

Where Iowa Code 476.10 provides instruction to the Board for carrying out its funding mechanism, the last sentence of Section 476.10(1)(b) details the assessment computation and allocation for gas and electric public utilities exempted from rate regulation. Specifically, the code states "the *remainder assessments* under this chapter shall be computed at one-half the rate used in computing the assessment for other persons." (Emphasis added).

The Board's proposed addition of the term "industry direct assessment" in rule 17.2(2) would not seem to, on its face, conflict with the statutory computation of remainder assessment charges to gas and electric public utilities exempted from rate regulation, but it is not completely clear. To help clarify the application of the code's computation provisions, the IAEC and IAMU suggest retaining certain language found in the Board's current rule 17.6. A solution could be to add a new rule 17.2(9):

“The assessments pursuant to 17.2(2) and (3) for gas and electric utilities exempted from board rate regulation pursuant to Iowa Code chapter 476 will be computed at one half the rate used to compute the assessment for other persons.”

2. Amendment to rule 17.6.

Board rule 17.6 addresses compilation and billing of both assessments. The Board's proposed changes to rule 17.6 would strike much of the methodology for computing and billing direct and remainder assessments. The IAEC and IAMU encourage the Board to maintain certain statutory computation and billing rules set forth in current rule 17.6(2)(d) providing the computation of remainder assessments for gas and electric utilities not subject to rate regulations. The omission of computation and billing methodology in the Board's rules would create unnecessary uncertainty for gas and electric public utilities exempted from rate regulation. IAEC and IAMU encourage the Board to clarify that the computation and billing of the proposed "industry direct assessment" and "remainder assessment" charges are consistent with Iowa Code 476.10(1)(b).

More generally, the Board's proposal to strike much of rule 17.6 could reduce overall transparency in the Board's assessment determinations and allocation of

charges. Existing rule 17.6(3) requires the Board explain the charges billed to utilities by identifying the assessable revenue for the utility, the rate at which the assessment was computed and the total amount due. The Board's basis for computation and determination of charges is necessary information should an entity wish to challenge the accuracy and appropriateness of the assessment. The IAEC and IAMU suggest that the Board could enhance transparency by stating its intended assessment determinations at the outset of a proceeding or new matter before the Board. Upon initiating a new docket, the parties who will be charged for expenses of the Board and consumer advocate for that docket should be notified of the funding mechanism proposed. The Iowa Code 476.10(2)(a) provides that a person subject to a charge or assessment shall make payment within thirty days from the date of notice of the amount due unless the person files an objection in writing. The IAEC and IAMU suggest the Board give notice to industry entities and persons the Board intends to charge at the time of docketing a new matter or proceeding and consistent with Section 476.10(2)(a), the IAEC and IAMU encourage the Board to establish a process for parties to review and challenge the Board's funding determination at the outset before charges are billed.

### 3. Request for Oral Comments

To the extent the proposed amendments to Iowa Administrative Code Chapter 17 are intended to streamline and clarify the implementation of the Board's assessment allocation authority in Iowa Code 476.10, the IAEC and IAMU believe that an opportunity for oral presentation would be beneficial to interested stakeholders and allow for more complete feedback on the proposed rules. The IAEC and IAMU encourage the Board to schedule an opportunity for oral presentation and include as part of the agenda a presentation by

Board Staff to discuss the process for implementation of the proposed rules including assessment timing and expense computation methodology.

WHEREFORE, the IAEC and IAMU respectfully request the Board give these comments due consideration as it proceeds to evaluate and consider potential revisions to the Board's regulations concerning assessments. The IAEC and IAMU look forward to continuing to participate in this docket, whether through additional rounds of written comments, workshops, or other means as deemed most appropriate by the Board and staff.

Respectfully submitted,

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