

UTILITIES DIVISION[199]

Adopted and Filed

Rule making related to applications for rate increases by utilities

The Utilities Board hereby rescinds Chapter 26, “Rate Cases, Tariffs, and Rate Regulation Election Practice and Procedure,” Iowa Administrative Code, and adopts a new Chapter 26 with the same title.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code sections 476.2, 476.6 and 476.33.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code sections 476.2, 476.3, 476.6, 476.7 and 476.33.

Purpose and Summary

This rule making adopts a new Chapter 26 of the Board’s rules. The adopted chapter establishes filing requirements and procedures for applications for general rate cases by rate-regulated utilities, including general rate case applications based upon a future test year. The adopted chapter includes filing requirements and procedures for the subsequent proceeding required to be held if the application is based upon a future test year. New Chapter 26 also updates other rules and removes electric cooperatives and municipal utilities from the provisions of this chapter.

On April 19, 2021, the Board issued an order adopting amendments. The order is available on the Board’s electronic filing system, efs.iowa.gov, under Docket No. RMU-2020-0026.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on July 29, 2020, as **ARC 5107C**.

The Board conducted an oral presentation on October 20, 2020. Rate-regulated utilities, the Consumer Advocate, and large customer groups participated in the oral presentation. The comments at the oral presentation addressed a revised Notice of Intended Action that had been attached to an order issued October 14, 2020, in Docket No. RMU-2020-0026. The comments addressed notice to customers of general rate increase applications, requirements for temporary rates, minimum filing requirements for applications based upon future test years, and requirements for subsequent proceedings, among other matters.

In addition to the written comment deadline contained in the Notice, the Board allowed the public to file additional written comments before and after the oral presentation. The Board also held two workshops to allow for a more in-depth discussion of some of the issues in the rules. Rate-regulated utilities, large customer groups, environmental associations, and the Consumer Advocate filed comments and participated in the workshops. The written comments and the workshops focused on the same issues discussed at the oral presentation: notice to customers of general rate increase applications, requirements for temporary rates, minimum filing requirements for applications based upon future test years, and requirements for subsequent proceedings. One workshop focused entirely on minimum filing requirements for an application based upon a future test year to address the complexity of the filing requirements.

The Board issued an order adopting amendments in Docket No. RMU-2020-0026 that can be accessed in the Board’s electronic filing system.

The rules have been significantly revised since publication of the Notice. The revisions are based upon written comments and the discussions at the oral presentation and workshops. The minimum filing requirements for an application based upon a future test year were simplified, a standard notice to customers form was established, procedures for the subsequent proceeding were simplified, and the time for filing a new rate case was modified. Other less significant revisions were also made.

Adoption of Rule Making

This rule making was adopted by the Board on April 19, 2021.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Board for a waiver of the discretionary provisions, if any, pursuant to rule 199—1.3(17A,474,476).

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on June 23, 2021.

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 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 strike-through. 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 have 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 nonlabor costs.
 4. Additional detail bifurcating operations and maintenance expenses that are recovered through automatic adjustment mechanisms.
 - (2) Utility payroll reconciliation, including 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 numbered 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) *Board order required.* The board shall issue 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 which finds that 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 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 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 is 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:

PETITION FOR ELECTION

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?

Signature

Address

Date

(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.

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