

UTILITIES COMMISSION[199]

Regulatory Analysis

Notice of Intended Action to be published: 199—Chapters 17 and 35
“Funding for Electric Transmission System Expansion and Load Forecasting Report”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 476.10C as enacted by 2026 Iowa Acts, House File 2799

State or federal law(s) implemented by the rulemaking: 2026 Iowa Acts, House File 2799

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

October 21, 2026
10 a.m.

Commission Hearing Room
1375 East Court Avenue
Des Moines, Iowa

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Utilities Commission (Commission) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

IT Support
Utilities Commission
1375 East Court Avenue
Des Moines, Iowa 50319
Phone: 515.725.7300
Email: ITsupport@iuc.iowa.gov

Purpose and Summary

The purpose of the proposed rulemaking is to implement 2026 Iowa Acts, House File 2799, which was signed into law by Governor Reynolds on June 2, 2026. This legislation enacts new Iowa Code section 476.10C, which establishes a new fund in the State treasury under the control of the Economic Development Authority (Authority). The purpose of the fund is for the Authority to commission a report from Iowa State University of Science and Technology (ISU). It requires the Commission to collect remittances from electric utilities to be deposited in the fund and to allow inclusion of the remittances in the budgets approved by the Commission pursuant to Iowa Code section 476.6. All references to Iowa Code section 476.10C in the proposed text are to that section as enacted by 2026 Iowa Acts, House File 2799. The rulemaking establishes a maximum aggregate assessment as required by law and the procedure associated with issuing assessments, and inclusion of the amounts within these budgets pursuant to Iowa Code section 476.6.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• Classes of persons that will bear the costs of the proposed rulemaking:

The persons affected by this rulemaking that would bear the costs would be all electric utilities. The Commission anticipates that rate-regulated electric utilities will recover costs from ratepayers

as allowed by Iowa Code section 476.10C as enacted by 2026 Iowa Acts, House File 2799. The Commission does not regulate the rates of municipal utilities and rural electric cooperatives and therefore cannot comment on their recovery mechanisms.

- **Classes of persons that will benefit from the proposed rulemaking:**

The remittances collected under the proposed rulemaking would be deposited into a fund under the control of the Authority. Electric utilities will benefit from the clarification on the assessment being annual and in a specific time frame, providing some predictability for budgeting purposes. The maximum aggregate assessment amount similarly provides transparency for planning purposes. Ratepayers, policymakers, and any interested stakeholders (all Iowans) will benefit from the publicly available report created by ISU with funds collected as a result of this rulemaking.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- **Quantitative description of impact:**

The quantitative impact will be increased costs borne by all electric utilities. The rate-regulated utilities' customers will be impacted by increased costs included within energy efficiency and demand response plan budgets if utilities exercise the option to recover costs through that mechanism. Recovery mechanisms by municipal utilities and rural electric cooperatives are not under the jurisdiction of the Commission. The \$1,000,000 maximum is the highest possible amount that would be spread across all electric utilities. The methodology to determine the annual aggregate assessment amount provides some additional funding for Authority available to help bridge the gap between the end of the fiscal year and the receipt of remittances from utilities. It also includes a true-up mechanism to ensure the fund is not collecting more funding than needed over time.

- **Qualitative description of impact:**

The qualitative impact of this rulemaking will be requiring the electric utilities to contribute toward the creation of a load forecasting and electric transmission system capacity expansion analysis report. The law requires ISU to solicit input from residential, commercial, and industrial customers and the electric industry. The report will be published on the Authority's website.

3. Costs to the State:

- **Implementation and enforcement costs borne by the agency or any other agency:**

The Commission will incur administrative costs when issuing the assessments to the electric utilities. The Authority would incur nominal costs due to the statutory requirements and providing the information to the Commission as specified in the rules.

- **Anticipated effect on State revenues:**

Remittances from utilities will be deposited into the fund created pursuant to Iowa Code section 476.10C and under the control of the Authority.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

This rulemaking is required by statute; therefore, inaction is not an option.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The Commission does not believe there are any less costly methods of securing the public benefit associated with this proposed rulemaking.

6. Alternative methods considered by the agency:

- **Description of any alternative methods that were seriously considered by the agency:**

The Commission did not consider any alternative methods for implementing the requirements set out by Iowa Code section 476.10C as enacted by 2026 Iowa Acts, House File 2799.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no anticipated impact on small business.

Text of Proposed Rulemaking

ITEM 1. Adopt the following **new** rule 199—17.11(476):

199—17.11(476) Load forecast and transmission analysis funding.

17.11(1) *Applicability and proportionate share.* Commencing in fiscal year 2028 and continuing each year thereafter, the commission shall issue an annual assessment to each electric public utility that reports gross operating revenues derived from the utility's intrastate public utility operations under the procedures and timelines set forth in this rule. Each electric public utility's total remittance due shall be based on its proportionate share of total gross operating revenues derived from intrastate public utility operations as accepted by the commission in the annual report filing.

17.11(2) *Definitions.* The following definitions apply to this rule:

"Fiscal year" means the state accounting cycle beginning July 1 and ending June 30 of the following calendar year.

"Fund" means the fund created pursuant to Iowa Code section 476.10C.

"Reconciliation amount" means an amount equal to the difference between the unobligated fund balance and 5 percent of the spending projection.

"Spending projection" means the estimated annual expenses for work completed on the report required by Iowa Code section 15.120A as determined by the economic development authority (authority).

17.11(3) *Maximum annual aggregate assessment.* The maximum annual aggregate assessment calculated or demanded under this rule shall not exceed \$1,000,000, or the maximum percentage defined by Iowa Code section 476.10C, whichever is less.

17.11(4) *Timelines.* Before October 1 of each year, the authority will provide the following financial information to the commission: the current fund balance as of September 15 of that fiscal year, the outstanding obligations against that fund balance, and the estimated spending projection for the fiscal year. The commission shall issue utility assessment invoices on or before October 15. Within 30 days from the commission's issuance of the invoice, each electric public utility shall submit the remittance to the commission, which shall expeditiously thereafter forward the remittance to the fund.

17.11(5) *Calculation of annual aggregate assessment.* The commission shall calculate the annual aggregate assessment using the information provided by the authority pursuant to subrule 17.11(4).

a. In the first year of the assessment, the amount of the assessment will equal 110 percent of the spending projection for fiscal year 2028.

b. In each subsequent year, the aggregate assessment will equal 105 percent of the spending projection for the fiscal year unless the unobligated fund balance at the beginning of the fiscal year equals 10 percent or more of the spending projection for the fiscal year. If the unobligated fund balance at the beginning of the fiscal year equals 10 percent or more of the spending projection for the fiscal year, then the aggregate assessment will be reduced by the reconciliation amount.

ITEM 2. Amend paragraph **35.5(4)“f”** as follows:

f. The budget for the plan and for each program for each year of implementation or for each of the next five years of implementation, whichever is less, itemized by proposed costs and consistent with the accounting plan required pursuant to subrule 35.9(1). Cost categories for the plan and program budgets include overhead and incentives as described herein, and the cost categories shall be further described by the following subcategories: classifications of persons working on energy efficiency and demand response programs, full-time equivalents, dollar amount of labor costs, and the name of outside firm(s) employed and a description of service(s) to be provided. The electric energy efficiency budget shall include a separate category for the anticipated amount for the purpose of the fund established in Iowa Code section 476.10C.

(1) and (2) No change.

ITEM 3. Amend subrule 35.6(3) as follows:

35.6(3) With the filing of a utility's application for approval of the utility's energy efficiency plan, each utility shall provide, for the commission's review, a calculation of the percentage of the utility's expected annual Iowa retail rate revenue, which the utility shall determine by dividing the total projected budget for the five-year plan by the total projected Iowa retail rate revenues for the five-year plan period. The calculation of the percentage of the utility's expected annual Iowa retail rate revenue for the electric energy efficiency budget shall not include the anticipated remittance amount to the commission for the purpose of the fund established in Iowa Code section 476.10C. The calculation of a utility's percentage of Iowa retail rate revenue may be subject to confidential treatment under Iowa Code chapters 22 and 550 upon request of the utility and as determined by the commission based on the commission's review of such request.

ITEM 4. Amend paragraph **35.9(1)“a”** as follows:

a. Each utility shall maintain a subaccount system, work order system, or accounting system that identifies individual costs by each program. Electric utilities shall maintain a separate account that identifies the funding submitted to the commission for the purpose of the fund established in Iowa Code section 476.10C.