

199—20.21(476) Transmission cost adjustment (TCA).

20.21(1) *Transmission cost adjustment.* Pursuant to Iowa Code section 476.6(8)“b,” public utilities may automatically adjust rates and charges to recover transmission-related costs incurred by or charged to the public utility consistent with a tariff or agreement that is subject to the jurisdiction of the Federal Energy Regulatory Commission, provided that a schedule showing the automatic adjustment of rates and charges is first filed with and approved by the board. Transmission cost adjustments shall be computed and tracked separately for each customer classification or grouping previously approved by the board and shall use the same unit of measure as the utility’s tariffed rates. Changes in the customer classification and grouping on file are not automatic and require prior approval by the board. If any eligible cost is recovered outside of the TCA, the cost may not be recovered through the TCA until the cost is removed from its current recovery mechanism. If any eligible cost is recovered outside of the TCA, the cost may not be recovered through the TCA until the cost is removed from base rates during a utility’s rate case. The TCA factor shall be included as a separate line item on the customer’s bill.

20.21(2) *TCA annual factor.* An annual TCA factor update shall be filed as a TF docket at least 30 days prior to the beginning of the utility’s TCA year. The TCA update shall include information describing which eligible TCA costs are being recovered through the TCA and, if not recovered through the TCA, where eligible costs are being recovered. The annual TCA factors for each customer classification or grouping shall be based upon forecasted transmission costs allocated to Iowa retail customers, forecasted Iowa sales or demand, and allocation factors approved by the board. The forecasted allocation factors shall be based on a three-year average of the actual allocation factors for each of the three previous calendar years. For customers billed by kilowatt-hours, the factors shall be developed on a kilowatt-hour basis. For customers billed by kilowatt, the factors shall be developed on a kilowatt basis. In addition, the following is required to be included with this filing:

a. A listing of all transmission costs that are incurred by or charged to the public utility and are consistent with a tariff or agreement that is subject to the jurisdiction of the Federal Energy Regulatory Commission, detailing where each transmission cost is currently being recovered (e.g., base rates, TCA).

b. A time series chart of each transmission cost eligible for inclusion in the TCA for the previous three calendar years.

20.21(3) *Annual reconciliation.* Within four months after the effective date of annual TCA factors, a utility shall file an annual reconciliation based upon actual costs and revenues attributed to Iowa customers for the prior calendar year. The annual reconciliation shall be filed in the same TF docket identified for the annual filing required in subrule 20.21(2). The reconciliation shall include updated allocators for each customer classification or grouping based on actual load data from the prior calendar year. The actual costs for the prior calendar year shall be allocated to each customer class based upon the updated allocation factors. The utility shall compare the actual transmission costs allocated to each customer class with the actual revenue billed through the TCA by customer class net of the prior year’s reconciliation dollar amount for each customer class. Any resulting overcollection or undercollection for each class shall be divided by the forecasted sales or demand for each customer class for the remainder of the TCA period. The resulting adjustments shall be added to the effective TCA factors which were approved in the TCA annual factor filing under subrule 20.21(2). The adjusted TCA factor for customers billed by kilowatt-hours shall be developed on a kilowatt-hour basis, and for customers billed on a kilowatt basis, the adjusted TCA factor shall be developed on a kilowatt basis.

20.21(4) *Other adjustments to the TCA factor.* A utility may propose other adjustments to the TCA factor throughout the 12-month TCA period to assist with accurate recovery of forecasted costs and revenues, subject to board approval. Any midyear adjustments shall be filed in the same TF docket as the annual filing. If a utility proposes an adjustment to the TCA factor, other than the reconciliation required in subrule 20.21(3), the utility shall provide an explanation for the proposed adjustment and provide information to support the proposed adjustment. For any customer billed by kilowatt-hours, the proposed adjustment shall be developed on a kilowatt-hour basis. For any customer billed on a kilowatt basis, the proposed adjustment shall be developed on a kilowatt basis.

20.21(5) *Quarterly informational filings.* By the end of the month following the end of each calendar quarter, the utility shall file a report containing, at minimum, the current cumulative overcollection or

undercollection balance, support for the overcollection or undercollection calculation, the total transmission cost for the current calendar year by category, and the supporting invoices and documentation for the most recent calendar quarter. The reports shall be filed in the same TF docket as the annual TCA filing.

20.21(6) *Semiannual transmission reports.* Each year at the beginning, and midpoint of a utility's TCA year, each utility shall file a report detailing the utility's transmission-related activities. These reports shall detail the utility's recent efforts to mitigate transmission costs and influence policy to the benefit of the utility and its ratepayers.

20.21(7) *Midcontinent Independent System Operator, Inc. (MISO) refunds.* Any utility utilizing a TCA mechanism that receives transmission-related refunds from MISO shall file a refund plan for board approval, detailing how the utility will distribute the refund to customers. The refund plan must be filed once the amount and timing of the refund is known to the utility. The refund plan shall include an applicable interest rate for refund amounts held more than 30 days, the method of distributing the refund to customers, and the timing of distributing the refund to customers.

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