

199—33.5(476) Cost allocation manuals. Every rate-regulated public utility equaling or exceeding the filing threshold in any calendar year shall file with the commission a cost allocation manual on or before September 1 of the following year; however, a letter so stating may be filed if the utility has not changed its cost allocation manual since the last filing. In the event the utility has made only minor changes to its manual to reflect new accounts or new affiliates or has modified language, the utility may file only the pages affected together with a cover letter explaining the pages being filed. A utility excused from filing a cost allocation manual for any of the foregoing reasons must comply with the other requirements of this rule.

33.5(1) Contents of manuals. Each cost allocation manual shall contain the following information:

- a. *Nonutility services.* A list, the location, and a description of all nonutility services.
- b. *Incidental activities.* A summary of incidental activities conducted by the utility.
- c. *Resource identification.* An identification of the assets and expenses involved directly or indirectly, in whole or in part, in the provision of nonutility services as identified in subrules 33.4(1) and 33.4(2).
- d. *Allocation methodology.* A description of the cost allocation methodology, including an overview, explanation, and justification of the details provided in response to paragraphs 33.5(1) “e” through “h” below.
- e. *Allocation rationale.* A statement identifying, for each asset and expense account and subaccount identified in compliance with subrules 33.4(1) and 33.4(2), the basis for allocating costs in the account or subaccount to utility and nonutility operations, including any allocation factor used by the utility for this purpose.
- f. *Accounts and records.* A description of each account and record used by the utility for financial recordkeeping for nonutility services, including all subaccounts.
- g. *Allocation factors.* A paragraph containing, for each allocation factor identified in compliance with paragraph 33.5(1) “e,” an explanation of how the allocation factor is calculated, a description of each study and analysis used in developing the allocation factor, and the frequency with which each allocation factor is recalculated.
- h. *Time reporting methods.* A paragraph indicating the type of time reporting (positive, exception, or study) used for each reporting organization (e.g., executive, residential sales, and external affairs) and providing a description of how the identified type of time reporting is performed in that reporting organization.
- i. *Training.* A description of the training programs used by the utility to implement and maintain its cost allocation process.
- j. *Update process.* A description of the procedures used by the utility to:
 - (1) Determine when an update is needed;
 - (2) Develop the update; and
 - (3) Provide the update to the commission.

33.5(2) Annual filing and acceptance of manuals. The following procedure is used for the annual filing and acceptance of manuals.

- a. *Notice.* At the time of the initial filing and whenever a manual is updated, each utility mails or delivers a written notice to consumer advocate, local trade associations, and customers who have notified the utility in writing of their interest in the cost allocation manual. The notice will state that an objection may be filed with the commission within 60 days of the filing of the manual with the commission. The utility shall promptly provide copies of the manual upon request.
- b. *Docketing.* If the commission finds that reasonable grounds exist to investigate the manual, the commission will docket the filing for investigation. At the time of docketing, the commission will set a procedural schedule that includes a date for an oral presentation and an opportunity to file comments. If the commission finds that there is no reason to investigate, the commission will issue an order stating the reasons for the commission’s decision within 90 days of the date of filing.
- c. *Acceptance of manuals.* The commission may accept, reject, or modify a utility’s manual. However, any commission decision is for accounting purposes only and is not binding in any other proceeding.

33.5(3) *Updating of manuals.* All affected sections and pages of a utility's manual are updated and filed with the commission within 60 days of any of the following conditions:

a. A new nonutility business is commenced or acquired, or an existing nonutility business is eliminated or divested;

b. An affiliate relationship changes;

c. Operations affecting nonutility businesses change sufficiently to warrant a new allocation method;

or

d. Accounting practices change.

33.5(4) *Reporting requirements—accounting tables.* Companies filing cost allocation manuals shall include in their annual reports tables showing for each account identified in compliance with subrules 33.4(1) and 33.4(2) the following: (a) the account total; (b) the amount allocated to nonutility services; (c) the amount allocated to utility services; and (d) the value of the allocation factors used to allocate costs to utility and nonutility services. Such tables are to be accompanied by a signed statement by an officer of the utility and an independent auditor certifying that, for the year covered by the report, the utility has complied with its cost allocation manual and that the data reported fairly reflect the actual operations of the utility.

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