

**199—35.11(476) Prudence review.**

**35.11(1)** The board shall periodically conduct a contested case proceeding to evaluate the reasonableness and prudence of the utility's implementation of energy efficiency and demand response plans and budgets. The prudence review shall be based upon the information filed by a utility in the annual report required by rule 199—35.8(476), or based on discovery conducted in review of the annual reports.

**35.11(2)** The consumer advocate or another person may request the board to conduct a prudence review based upon the information filed by a utility in the annual report required by rule 199—35.8(476), or based on discovery conducted in review of the annual reports. The request to initiate the prudence review shall identify specific issues to be evaluated and may include a proposed procedural schedule.

**35.11(3)** The board shall determine whether a contested case proceeding is necessary to address the issues raised in a request for a prudence review.

**35.11(4)** Disallowance of past costs. If the board finds the utility did not take all reasonable and prudent actions to cost-effectively implement its energy efficiency or demand response programs, the board shall determine the amount in excess of those costs that would have been incurred under reasonable and prudent implementation. That amount shall be deducted from the next EECR/DRCR factors calculated pursuant to subrule 35.9(3) until the disallowed costs have been satisfied.

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