

DEPARTMENT OF COMMERCE
Iowa Utilities Board
Strategic Plan
December 2007

MISSION:

The Iowa Utilities Board regulates utilities to ensure that reasonably priced, reliable, environmentally responsible, and safe utility services are available to all Iowans, supporting economic growth and opportunity.

CORE FUNCTIONS:

Regulation and Compliance
Resource Management

VISION:

The Iowa Utilities Board will continue to be a nationally recognized leader in utilities regulation to assure:

- Consumers receive the best value in utility services.
- Utilities receive an opportunity to earn a fair return on their investment in regulated services.
- Services are provided in a safe, reliable, and environmentally responsible manner.
- Economic growth is supported by ensuring utility services adequate to meet new customer demand with a diversified portfolio of generation sources.
- Consumers have access to the information they need to make informed choices about their utility services.
- Consumers are educated about energy efficiency and the effect they can have on demand for utility services.
- Competitive markets develop where effective.
- All market participants receive fair treatment.

PURPOSE OF REGULATION AND COMPLIANCE CORE FUNCTION:

Utility services are often available from only one or a few providers in any particular location. Because of this lack of effective competition, customers cannot be assured of safe and reliable service at reasonable prices without regulatory intervention. Therefore, the Iowa Utilities Board is statutorily directed to regulate certain electric, natural gas, telephone, and water utilities in Iowa. The most visible of the Board's activities are the approval of rates and review of service quality. Other important activities include encouraging energy efficiency, approving and monitoring utility energy efficiency plans, administration of the Dual Party Relay System, intervention in federal regulatory cases

affecting Iowa customers, and representing Iowa's interests in national and regional activities involving the utility industry. The Board and staff directly assist customers by providing information and investigating complaints. Staff specialists perform audits, analysis, and research, and advise the Board. Staff inspectors conduct continuing inspections of utilities' facilities for compliance with safety and service quality objectives. Staff acts as an agent for the Federal Department of Transportation in pipeline safety matters. The IUB issues pipeline permits, electric line franchises, generating certificates authorizing construction of new utility infrastructure, certificates to telecommunications service providers, and certificates of franchise authority for cable and video service providers. An IUB staff member serves as the electric and natural gas state energy assurance coordinator for the U. S. Department of Energy Office of Electricity Delivery and Energy Reliability. IUB staff participate in and provide support to Iowa Homeland Security and Emergency Management Division disaster response efforts, infrastructure security planning, and disaster and terrorism preparedness exercises. Staff maintain records of filings and assist the general public with requests for copies and information.

PURPOSE OF INTERNAL RESOURCE MANAGEMENT CORE FUNCTION:

The Utilities Division administrative duties include personnel, payroll, budgeting, and general administration of the agency. Staff provide financial services, including billing the utility industry for all expenditures of the agency.

ASSESSMENT:

The IUB has a variety of customers and stakeholders, including:

- Utility consumers,
- Utility companies,
- Utility associations,
- Federal agencies,
- Regulatory agencies in other states,
- Other Iowa state agencies,
- Board members,
- Staff, and
- Iowans.

In 2004, the IUB conducted its Iowa Excellence self-assessment using Malcolm Baldrige National Quality Program criteria. Based on this assessment, examiner feedback, and follow-up discussions, the areas the IUB identified for improvement are:

1. Business Results - Performance Measures
2. Customer Relations and Satisfaction

The self-assessment revealed that the agency does a good job of living out our mission while continually progressing to make our vision a reality. While we have a solid foundation for completing our duties well, strategically focusing on the areas tagged for growth will help to ensure we continue to excel.

The agency has reviewed and streamlined our performance plan measures each fiscal year since completing the Iowa Excellence self-assessment. The IUB has introduced customer education sessions and will continue to develop new topics for these forums with utility customers. Our performance on customer complaint resolution has led to a higher targeted goal beginning in fiscal year 2008.

AGENCY STRENGTHS

The 72 individuals who work as Board and staff of the Utilities Division share over 1100 years of regulatory and utility experience, with over 1017 years of experience with the Utilities Division. They have earned 92 post-high school degrees. Academic specializations range from law and accounting to economics, finance, engineering, business administration, history, and political science, among others. Many hold professional certifications and licenses. Examples include: Certified Public Accountant, Certified Management Accountant, Certified Financial Analyst, Certified Rate of Return Analyst, Accredited in Public Relations, Internal Corrosion Technologist, certification in National Incident Management System elements, and certified Homeland Security Exercise Evaluator.

Most have completed the National Association of Regulatory Utility Commissioners (NARUC) Annual Regulatory Studies Program administered by Michigan State University or the basic regulatory program, entitled “Practical Skills for the Changing Electric, Natural Gas, Telecommunications, and Water Industries” at the New Mexico State University Center for Public Utilities. Many have had additional training through professional organizations and conferences, as well as through the State of Iowa Personnel Development Seminars.

Active in national and regional organizations

The Board and staff are active participants in national and regional regulatory organizations, such as the NARUC, the National Regulatory Research Institute (NRRI), the National Association of Pipeline Safety Representatives (NAPSR), Midwest Independent Operator System (MISO), the Organization of MISO States (OMS), and North American Numbering Council (NANC).

Participation in these organizations allows the Board to provide input on how Iowans will best be served in a constantly changing industry and regulatory environment, and has achieved beneficial outcomes. The Board and staff gain knowledge on national and regional issues in the industry and on how these issues could impact Iowa. The Division currently has members on the following committees and subcommittees:

National Association of Regulatory Utility Commissioners - NARUC
Committee on Electricity
Committee on Energy Resources and the Environment
Staff Subcommittee on Administrative Law Judges
Staff Subcommittee on Executive Management

Staff Subcommittee on Consumer Affairs
Staff Subcommittee on Critical Infrastructure
Staff Subcommittee on Electricity
Staff Subcommittee on Energy Resources and the Environment
Staff Subcommittee on Electric Reliability
Staff Subcommittee on Information Services
Staff Subcommittee on Pipeline Safety
Staff Subcommittee on Gas
Staff Subcommittee on Telecommunications
Staff Subcommittee on State Universal Service Fund Administration
Ad hoc Committee on Education and Research

National Regulatory Research Institute - NRRRI

Board of Directors
Research Advisory Committee

National Association of Pipeline Safety Representatives - NAPS

Grant Allocation/Strategic Planning Committee
Liaison Committee
Iowa Common Ground Alliance
Technical Pipeline Safety Standards Committee (TPSSC)
Pipeline Informed Planning Alliance (PIPA)
API RP 1162 Public Awareness standard review team

National Association of Corrosion Engineers (NACE)

Federal Communications Commission - FCC

Federal-State Joint Board on Universal Service
NANC - North American Numbering Council

Midwest Independent System Operator - MISO

Midwest Independent System Operator Advisory Committee
Organization of MISO States (OMS) – Various Working Groups:

- Congestion Management and Financial Transmission Rights Allocation
- Demand Response
- Market Monitoring and Market Power Mitigation
- Market
- Modeling
- Pricing
- Resource Adequacy
- Transmission Planning and Siting

Inquiry and Investigation Dockets

The Board has initiated a variety of formal inquiries designed to gain input from various stakeholders. Two types are of particular note, Notice of Inquiry (NOI) and Investigation Utility (INU).

Notices of Inquiry allow all interested stakeholders to participate in the discussion of an issue of importance to the industry. Notices of inquiry have been very valuable to the Board in gathering a wide range of views on pertinent topics. Recent NOI dockets include:

- NOI-05-1 – Electronic Filing
- NOI-05-2 – Gas and Electric Extension Rules
- NOI-05-3 – Telecommunications Market Monitoring Survey for Local Voice Services in Iowa
- NOI-06-1 – Inquiry into the Effect of Reduced Usage on Rate Regulated Natural Gas Utilities
- NOI-06-2 – Assessing High Speed Internet Service in Iowa
- NOI-06-3 – Inquiry into Time-Based Metering Standards
- NOI-06-4 – Inquiry into Public Utility Regulatory Policy Act Interconnection Standard
- NOI-07-1 – Inquiry into Fossil Fuel Generating Efficiency
- NOI-07-2 – Inquiry into the Status of Energy Efficiency Programs in Iowa
- NOI-07-3 – 2007 Telecommunications Market Monitoring survey for Retail Local Voice Services and High-Speed Internet Access Survey

Investigation Utility dockets are more focused proceedings, typically involving a more limited set of issues. Recent examples include:

- INU-03-1 – Implementation of the Federal Communications Commission’s Triennial Review Order Adopting new Rules for Network Unbundling Obligations
- INU-03-2 – Investigation into Natural Gas Utility Methods of Service Disconnection After Termination of Service
- INU-04-1 – Deregulation of Local Exchange Services in Competitive Markets
- INU-05-2 – Deregulation of Single Line Flat-Rate Local Exchange Service in Competitive Markets

Citizen Participation in the Regulatory Process

The Iowa Utilities Board ensures citizen participation via:

- Consumer Comment Hearings on rate cases
- Public Information Meetings and the opportunity for involvement when new pipelines, electric generating plants, or transmission lines are proposed and when area code changes are necessary.
- Complaint Resolution provides opportunities to educate individual customers and to look for areas where broader agency efforts are needed or appropriate. Customer complaint interactions, both with customers and with utilities, also give us insight into how well our rules, processes, and information dissemination are working.

GUIDING OPERATING PRINCIPLES:

1. Promote flexibility, cooperation, communication, and trust among the Board, management, staff, and other stakeholders.
2. Promote the timely exchange of appropriate information using the most appropriate medium.
3. Apply policies and procedures consistently.

GOALS with MEASURES:

Goal 1: The Iowa Utilities Board will prepare its staff for leadership roles within the agency and in the state, regional, and national regulatory communities.

Measure: Percentage of staff participating in agency, state, regional, and national leadership roles.

Strategy: Continue to identify and pursue leadership opportunities available to staff members. Maintain a list of staff leadership activities and recognition of staff participating in those roles.

Goal 2: The Iowa Utilities Board will prepare for staff succession in a manner that will maintain competency, accountability, and the professionalism of the agency when tenured staff depart.

Measure: Percentage of agency positions with more than one staff member trained to perform essential tasks.

Strategy: Prepare for changes in staffing by implementing cross training, position aids, and process and procedure manuals.

Goal 3: Increase Iowans' awareness of Iowa Utilities Board services, informational resources, and responsibilities.

Measure: Number of public comment/educational forums held and the public participation in those forums. Benchmark polling of public awareness as resources permit.

Strategy: Increased awareness and visibility among the citizens of Iowa and the Midwest.