

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: LINN COUNTY RURAL ELECTRIC COOPERATIVE	DOCKET NOS. RPU-02-1 TF-02-7 WRU-02-4-941
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**ORDER APPROVING GENERAL RATE INCREASE, APPROVING TARIFF,
AND GRANTING WAIVER**

(Issued February 6, 2002)

On January 8, 2002, Linn County Rural Electric Cooperative (Linn County) filed a general rate increase application with the Utilities Board (Board). The filing is identified as Docket No. RPU-02-1. In support of its rate increase request, Linn County filed a proposed tariff revision on January 8, 2002, which contained a proposed rate increase of 6.86 percent.

On January 28, 2002, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response in this docket stating that Linn County satisfied the requirements of 199 IAC 7.13(2). Consumer Advocate has not filed any additional comments or schedules in this docket.

Subparagraphs 199 IAC 7.13(2)"a"(1)-(4) establish that a rate-regulated cooperative must meet at least one of four conditions to receive a rate increase. Board staff has determined that Linn County has met two of those four conditions. Specifically, the Board finds that Linn County's revenues are sufficient for a debt service coverage ratio of from 1.25 to 2.50 on utility long-term debt pursuant to

199 IAC 7.13(2)"a"(2), and that the utility operating margins are sufficient for a ratio of from 1.25 to 1.75 on utility operating margins plus utility depreciation, all divided by utility long-term interest plus principal pursuant to 199 IAC 7.13(2)"a"(4).

Board staff has also determined that Linn County has met the additional requirement set forth in subparagraph 199 IAC 7.13(2)"a"(5). That subparagraph requires utility operating margins be sufficient to return utility patronage capital credits accumulated from utility operating margins, with a retention of such credits of no more than 20 years. As of December 31, 2000, Linn County had retired general patronage capital in the amount of \$263,716, which resulted in approximately a 17-year retention. Therefore, the Board will grant Linn County's application for a general rate increase.

Linn County also requested its rate increase become effective February 8, 2002. Paragraph 199 IAC 7.13(2)"c" states that the Board's decision becomes final 15 days after the decision is issued provided no allegations of error are filed within those 15 days. Rule 199 IAC 1.3 states that the Board may grant waivers of its rules, based upon clear and convincing evidence that the application of the rule would pose an undue hardship, the waiver would not prejudice the substantial legal rights of any person, the provisions waived are not specifically mandated by statute, and substantially equal protection of public health, safety, and welfare will be afforded after the waiver. Adherence to this rule would be an undue hardship to Linn County as it would require a delayed implementation of the rate increase for an additional monthly billing cycle. The Board finds there are no substantial legal rights of any

person that would be affected by this waiver, and there is no statute that specifically mandates the action waived. Additionally, the Board finds that there will be substantial equal protection for health, safety, and welfare. Therefore, the Board finds that a waiver of paragraph 199 IAC 7.13(2)"c" meets the four criteria of 199 IAC 1.3. The waiver, identified as Docket No. WRU-02-4-941, will allow Linn County to place the rates into effect on February 8, 2002.

IT IS THEREFORE ORDERED:

1. The general rate increase application filed by Linn County Rural Electric Cooperative on January 8, 2002, is approved.
2. The proposed revised tariff filed by Linn County Rural Electric Cooperative on January 8, 2002, identified as TF-02-7, is approved to be effective on February 8, 2002. The rates for service will be those rates included in the approved tariff.
3. The waiver of paragraph 199 IAC 7.13(2)"c" is granted as described in this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 6th day of February, 2002.