

P-414/M-87-433REQUIRING REFUND OF RESIDUAL REFUND AMOUNT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Stipulated Settlement Regarding the Rates of Mankato Citizens Telephone Company Pursuant to Minn. Rules, Parts 7827.0100 to 7827.0600 Relating to Rate Adjustments Due to the Tax Reform Act of 1986

ISSUE DATE: November 21, 1988

DOCKET NO. P-414/M-87-433

ORDER REQUIRING REFUND OF RESIDUAL REFUND AMOUNT

PROCEDURAL HISTORY

On July 11, 1988 the Commission issued its Order Approving Rate Change and Refund Plan in the above-captioned matter, approving Mankato Citizens Telephone Company's (the Company's) proposal for refunding excess revenues attributable to tax savings under the Tax Reform Act of 1986. That Order authorized the Company to make its refund in two parts. On September 21, 1988 the Company made a compliance filing on distribution of the first refund.

The refund was distributed in compliance with the terms of the Commission's Order. The Company was unable to distribute approximately 3% of the total refund amount, however, due to factors such as the impracticality of distributing refund amounts under \$1.00, the inadvertent inclusion of no-charge lines in the original refund computations, and the lack of sufficient detail in certain old customer activity records. The residual amount which was not refunded was \$12,902.

The Company asked the Commission to waive distribution of the \$12,902 residual amount, on grounds that the cost of refunding this money was excessive in relation to the size of the refund.

The Residential Utilities Division of the Office of the Attorney General (RUD-OAG) filed comments opposing waiver, emphasizing that refunding overcollected revenues was a fundamental obligation for which utilities should receive no special reimbursement.

FINDINGS AND CONCLUSIONS

The Commission agrees with the RUD-OAG that the general rule is that the cost of distributing refunds does not justify waiver of refund obligations. In this case there is no reason to depart from the general rule. The Company will be making its second Tax Reform Act refund during its January 1989 billing cycle and can easily incorporate the \$12,902 into that refund amount. The Commission will so require.

ORDER

1. The Company shall incorporate the \$12,902 remaining in the first Tax Reform Act refund amount into the amount to be refunded in its second Tax Reform Act refund.
2. In all other respects the Company's compliance filing of September 27, 1988 is accepted and approved.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen  
Executive Secretary

(S E A L)