

G-008/M-88-686 GRANTING ONE-YEAR RENEWAL OF THREE VARIANCES FROM PURCHASED GAS ADJUSTMENT RULES

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 Minnegasco's Request for a One-Year Renewal of Three Variances from Commission Rules Relating to Purchased Gas Adjustments

ISSUE DATE: November 23, 1988

DOCKET NO. G-008/M-88-686

ORDER GRANTING ONE-YEAR RENEWAL OF THREE VARIANCES FROM PURCHASED GAS ADJUSTMENT RULES

PROCEDURAL HISTORY

On October 6, 1988, Minnegasco (Minnegasco or the Company) requested a one-year renewal of three variances from the Commission's Purchased Gas Adjustment (PGA) Rules. The variances were granted or extended in Docket Nos. G-008/AA-85-726, G-008/M-86-511, G-008/M-86-534, G-008/M-87-600.

Specifically, the Company asked for extensions of variances from: Minn. Rules, part 7825.2500 to allow Minnegasco to include purchased gas cost not regulated by the FERC in its PGA; Minn. Rules, part 7825.2700 to allow a gas cost reconciliation for the twelve-month period ending June 30, 1989; and Minn. Rules, part 7825.2700 to allow the Manufactured Gas Adjustment to have the same time period as the gas cost reconciliation.

The Department of Public Service recommended that the Commission approve the extension of the variances for one year or until the Commission revises and implements PGA rule amendments in Docket No. G-999/R-85-789.

FINDINGS AND CONCLUSIONS

The Commission may grant a variance to any of its rules upon finding that the following conditions apply:

1. Enforcement of the rule would impose an excessive burden upon the applicant or

others affected by the rule;

2. Granting the variance would not adversely affect the public interest; and
3. Granting the variance would not conflict with standards imposed by law.

Minn. Rules, part 7830.4400.

The Commission finds that the requirements for granting a variance are met in this case. Enforcing the existing PGA rules would not allow Minnegasco to include in its PGA the competitively priced spot market gas not regulated by the FERC, nor the actual gas costs incurred in providing service. Further the current rules would require the Company to make a manufactured gas adjustment on June 1 and a gas cost reconciliation filing on June 30. By granting the variance, the Company can make one comprehensive adjustment for a 12-month period which is administratively simpler for the Company and easier for customers to understand. Enforcing the current rules would impose an excessive burden on both the Company and its customers.

The second requirement, that granting the variance not adversely affect the public interest, is also met. In fact, granting the variance serves the public interest by facilitating the Company's efforts to provide its customers with reliable energy at the lowest possible prices. Further, granting the variances minimizes the number of rate changes the Company will make on its PGAs and reduce possible customer confusion.

Finally, granting the variance does not conflict with any standard imposed by law.

The requirements of Minn. Rules, part 7830.4400 have been met. The Commission will extend the variances for one year. The Commission notes that it is in the process of amending its rules on Purchase Gas Adjustment (Docket No. G-999/R-85-789). If the Commission implements amended PGA rules before these variances expire, the variances will terminate and the Company will be required to implement a PGA consistent with the amended rules.

ORDER

1. The Commission hereby extends Minnegasco's variances from the PGA Rules, Minn. Rules, parts 7825.2500 et seq., as described above. The extension shall be for one year or until the Commission revises and implements amendments to the PGA Rules in Docket No. G-999/R-85-789, whichever is sooner.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)