

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 Petition of Northern States Power Company for Authority to Change Its Schedule of Gas Rates for Retail Customers Within the State of Minnesota

ISSUE DATE: February 1, 1988

DOCKET NOS. G-002/GR-85-108
G-002/M-85-282

ORDER APPROVING REFUND PLAN

PROCEDURAL HISTORY

On December 8, 1987, the Minnesota Public Utilities Commission (the Commission) issued its Order After Remand Revising Ratesetting Order of December 30, 1985. The Commission adopted, with certain exceptions, a Stipulation and Agreement, dated November 18, 1987, related to the remand of this case to the Commission by the Minnesota Supreme Court. The Stipulation and Agreement required Northern States Power Company (NSP or the Company) to submit a proposed plan for refunding within 30 days of the Commission's Order.

On January 7, 1988 NSP filed with the Commission a proposal for refunding to its gas customers excess amounts collected during the period from April 29, 1985 to May 26, 1986. The filing contained six schedules explaining the refund plan in detail.

The following parties commented on the refund plan: the City of St. Paul, the Residential Utilities Division of the Attorney General's Office, and the Department of Public Service. All recommended approval.

STATEMENT OF THE ISSUE

The issue before the Commission is whether the refund plan is appropriate and should be approved.

FINDINGS AND CONCLUSIONS

Description of Plan

The Company's refund plan is described in six schedules.

Schedule 1 sets forth the method for distributing refunds. The Company would credit refunds to the accounts of current customers, with a minimum refund of \$.01. The Company would issue checks to former customers without arrearages, with a minimum refund of \$2.00. The Company would treat refunds due customers who could not be located in accordance with the Uniform Disposition of Unclaimed Property Act, Minn. Stat. §§345.31 et seq.

The Commission finds this a reasonable method of distributing refunds and will approve it.

Schedule 2 explains the computation of the total refund amount, excluding interest. That amount consists of the amount stipulated by the parties and modified by the Commission plus an adjustment for amounts collected under stay pending resolution of the Delay of Payments issue by the Supreme Court. The total refund amount was computed to be \$3,523,287.

The Commission finds the Company's computations accurate and will approve them.

Schedule 3 contains interest calculations.

Interest was computed at the daily prime rates in effect during the period in which the funds were collected and held, except that the interest rates for January and February, 1988 were estimated. The Company will re-compute the interest, using the actual rates in effect up to the date of the refund.

The Commission finds the interest computation method sound and the calculations accurate. The Commission will approve the Company's interest calculations.

Schedule 4 summarizes the refunds by customer class. The Commission finds the summary accurate.

Schedule 5 gives examples of typical refunds for Residential and Commercial/Industrial class customers. It also illustrates how individual refunds are calculated. In this Schedule the Company states the applicable interest factor as approximately 3.5% instead of approximately 18%. The Company has explained that this was an error and agreed that the proper interest factor is approximately 18%.

The Commission finds Schedule 5's examples helpful and accurate, assuming correction of the interest factor to approximately 18%.

Schedule 6 is a proposed Notice for distribution to customers explaining the refund. The Commission finds the Notice accurate and clear and will approve it.

Approval and Reporting Requirements

The Commission finds the Company's refund plan appropriate, with the correction noted in Schedule 5, and will approve it. The Commission will require a report on the distribution of the refund within 30 days of its completion.

ORDER

1. The Commission approves the refund plan filed by Northern States Power Company on January 7, 1988, with a correction to Schedule 5 to show an interest rate of 18% instead of 3.5%.
2. Within 30 days of the completion of the refund process, the Company shall file a report with the Commission and the parties showing the actual amounts refunded by class and the interest rate applied.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)