

E-015/M-90-499 GRANTING VARIANCE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

In the Matter of a Request by Minnesota
Power for a Variance from Minnesota Rules,
Part 7820.3300

ISSUE DATE: November 14, 1990

DOCKET NO. E-015/M-90-499

ORDER GRANTING VARIANCE

PROCEDURAL HISTORY

On July 9, 1990, Minnesota Power (MP or the Company) filed a request for a variance from Minnesota Rules, part 7820.3300, the rule governing meter reading and billing periods. MP sought authority to schedule billing periods of up to 40 days without proration during the months of November through February. The billing change was sought for the current year and for a similar period in each succeeding year.

On September 4, 1990, the Department of Public Service (the Department) filed comments. The Department recommended that the Commission grant the Company a variance to the billing rule for a period of three years.

The matter came before the Commission on October 30, 1990.

FINDINGS AND CONCLUSIONS

The Billing Period Rule and Company Proposal

Minn. Rules, part 7820.3300 METER READING AND BILLING PERIODS provides in part:

Readings of all meters used for determining charges to customers shall be made each month unless otherwise authorized by the commission upon petition by the utility. The term "month" for meter reading and billing purposes is the period between successive meter reading dates which shall be as nearly as practicable to 30-day intervals.

If the billing period is longer or shorter than the normal billing period by more than five days, the bill shall be prorated on a daily basis.

If MP were granted a variance to the billing period rule, the Company could schedule billing periods of up to 40 days without the necessity of prorating customer's bills. MP has stated that it anticipates billing periods longer than 35 days during the November-February period of each year because of the number of holidays which fall during this time and because of the likelihood of inclement and excessively cold weather. MP would not rebill customers to recover any under-collections resulting from the variance. The Company would continue to prorate bills whenever the billing period was less than 25 days.

Requirements for a Variance

Pursuant to Minn. Rules, part 7830.4400, the Commission may grant a party a variance from a rule if the Commission finds that:

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

The Commission agrees with the Department that the present circumstances warrant granting a variance to the Company. The Company would be burdened excessively if it were required to stay within the rule's 30-day billing period during the time of year when Minnesota is experiencing weather unfavorable to meter reading. Customers would also be burdened by the greater possibility of overcollection. Overcollection can arise from a billing period longer than 35 days, with proration, followed by a billing period of 25 to 30 days, without proration.

Granting the variance would not adversely affect the public interest. A Department analysis showed that a residential customer billed for 40 days during the heating season would pay less under the proposed variance than under proration required by the billing rule.

The Commission finds that there is no conflict between the variance and standards imposed by law.

The Length of the Variance

The Company requested an indefinite variance of the rule, until the Commission determines the variance is no longer in the public interest. The Department recommended that the variance be granted for a period of three years. According to the Department, a three-year variance would strike a balance between the need for Commission oversight and administrative efficiency.

The Commission finds that a one year variance should be granted. Granting a perpetual or indefinite variance would have the effect of working a change in the rule itself rather than granting relief from the rule in a specific set of circumstances. A three year variance would not afford sufficient opportunity for Commission review of the facts prompting the variance request. A one year variance will grant the Company the relief it seeks, while allowing the Commission sufficient oversight of Company billing methods in any future variance request.

ORDER

1. Minnesota Power is granted a one year variance from Minnesota Rules, part 7820.3300, to allow the Company to schedule billing periods of up to 40 days without proration during the months of November 1990 through February 1991.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

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