

G010/MR-89-669 GRANTING VARIANCE AND APPROVING MIDWEST GAS' REFUND
PROPOSAL AND REQUIRING DISTRIBUTION REPORT

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 the Request by Midwest Gas to Refund to Eligible Customers a Supplier Refund and an Over-Collection Due to Purchased Gas Adjustment (PGA) Error

ISSUE DATE: FEBRUARY 14, 1990

DOCKET NOS. G010/MR-89-669
GO10/MR-89-761

ORDER GRANTING VARIANCE AND APPROVING MIDWEST GAS' REFUND PROPOSAL AND REQUIRING DISTRIBUTION REPORT

PROCEDURAL HISTORY

On April 5, 1989, the Commission issued an Order allowing Midwest Gas (MWG or the Company) one year to distribute a \$1,132.62 refund received from its pipeline supplier, Midwestern Gas Transmission Company (Midwestern). In the Matter of the Request by Midwest Gas (MWG or the Company) for a Variance to the Commission's Supplier Refund Rule 7825.2700, subpt. C, Docket No. GO10/MR-89-103.

On April 19, 1989, the Commission issued an Order allowing MWG one year to distribute a \$3,635 refund resulting from an over-collection from its Midwestern-supplied firm customers because of a Purchased Gas Adjustment (PGA) error. In the Matter of the Proposal by Midwest Gas (Formerly North Central Public Service Co.) to Modify Its Method of Recovery For D-2 Demand Charges in Its Midwestern Purchased Gas Adjustment (PGA), Docket No. GO10/AA-88-875.

On August 11, 1989, MWG requested approval to refund the \$1,132.62 received from its pipeline supplier (Midwestern) through MWG's annual true-up of gas costs. On September 5, 1989, the Commission received a further proposal from MWG requesting approval to refund the \$3,635 over-collected from its Midwestern-supplied firm customers through MWG's annual true-up of gas costs.

On September 28, 1989, the Department of Public Service (the Department) filed comments objecting to MWG's proposal to make these refunds through its annual true-up of gas costs. The Department noted that the refund method is governed by Minn. Rules, part 7825.2700, subpart C and part 7825.2900, subpart 3 which require refunds by check or credits to bills.

On October 9, 1989, MWG filed a response specifically requesting a variance from the requirements

of Minnesota Rules, parts 7825.2700 and 7825.2900. Citing high administrative costs of refunding these comparatively small amounts by check or credit, MWG argued that enforcement of these rules would impose an excessive burden on the company.

On October 19, 1989, the DPS filed a response opposing the variance request and replacing its earlier recommendation that the Commission order the MWG to distribute the refunds in 30 days with a recommendation that the Commission order MWG to submit a plan for distribution of the refunds within 30 days.

On November 29, 1989, the Commission issued an Order denying MWG's requested variance and requiring MWG to submit a plan to distribute the following refunds by check or credits to bills:

1. A supplier refund received from Viking Gas Transportation Company (Viking) in the amount of \$1,132.62; and
2. An over-collection from its Viking-supplied firm customers due to a Purchased Gas Adjustment (PGA) error in the amount of \$3,635.13.

On December 18, 1989, MWG filed its plan for distributing these refunds.

On January 16, 1990, the Department filed its recommendation that the Commission approve MWG's refund distribution plan and require the company to submit a report within 30 days of the completion of the refund process indicating the actual distribution of the refund.

The matter came before the Commission for decision on February 6, 1990.

FINDINGS AND CONCLUSIONS

The Commission's recently revised Permanent Rules Relating to Purchase Gas Adjustment Charges (PGA Rule) govern this matter. See Minn. Rules, parts 7825.2390 to 7825.2920. This is the first refund matter to be decided in light of these new rules. As noted in its November 29, 1989 Order, Commission's new PGA Rule indicates that refund by "checks or credits to bills", rather than by a "true-up" mechanism, is the method by which over-collected amounts are to be returned:

With respect to amounts over-collected due to supplier refunds, the amended PGA rule requires these refunds to be made "by credits to bills...." Minn. Rules, part 7825.2700, subpart 8. The rule requires that amounts over-collected due to errors in the purchased gas adjustment be refunded "by check or credits to bills...." Minn. Rules, part 7825.2920, subpart 2. In the Matter of Proposals by Midwest Gas Company to Make Two Refunds Through Its Annual True-up Adjustment, DOCKET NOS. GO10/MR-89-669 and GO10/MR-89-761, ORDER DENYING VARIANCE REQUEST AND REQUIRING REFUND PLAN (November 29, 1989), at p. 2.

The refund plan submitted by MWG in response to that Order properly proposes to distribute the

over-collected amounts by checks or credits to bills and its proposed refund "to the consumer" of the amount due to PGA error (\$3,635.13) comports with the rule (Minn. Rules, part 7825.2920, subpart 2). However, with respect to the supplier refund (\$1,132.62), the Company's proposed plan is to distribute this amount in the same manner that it distributes the PGA error amount (i.e. to those who were customers during the over-collection period). Distribution of a supplier refund amount to one who is no longer a member of the class from whom the over-collection was realized does not comply with Minn. Rules, part 7825.2700, subpart 8 which requires that such refunds be "...allocated to customer classes...." Minn. Rules, part 7825.2700, subpart 8.

In this case, however, the Commission will grant MWG a variance from this requirement pursuant to Minn. Rules, part 7830.4400 and approve the company's plan. To reject the refund plan and require the company to revise its refund plan at this time because it has slightly misdrawn the refund recipient group for a comparatively small portion of the total refund would impose an excessive burden upon the company. The public interest is not abused by expediting the refund of the over-collected amount pursuant to this refund plan that is in such major compliance with the rule. In fact, by granting this variance and approving this refund plan under these circumstances, the Commission actually promotes the public interest. Finally, such a variance violates no standard of law.

ORDER

1. Midwest Gas is granted a variance from the requirement of Minn. Rules, Part 7825.2700, subpart 8 that refunds due to supplier refund be allocated among the current members of the class from which the over-collected amount was realized.
2. The refund plan proposed by Midwest Gas is approved.
3. Within thirty (30) days of the completion of the approved refund process, Midwest Gas shall submit a report indicating the actual distribution of the refund.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Lee Larson
Acting Executive Secretary

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