

G-011/GR-92-132 ORDER ACCEPTING FILINGS AND SUSPENDING RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner

In the Matter of the Petition of Peoples Natural Gas Company, Division of UtiliCorp United, Inc., for Authority to Increase its Rates for Natural Gas Service in the State of Minnesota	ISSUE DATE: May 5, 1992
	DOCKET NO. G-011/GR-92-132
	ORDER ACCEPTING FILINGS AND SUSPENDING RATES

**PROCEDURAL HISTORY**

On March 6, 1992, Peoples Natural Gas Company (Peoples or the Company) filed a request for a general rate increase.

On March 24, 1992, comments on Peoples' filing were received from the Minnesota Department of Public Service (the Department) and the Eveleth Taconite Company, Eveleth Expansion Company, Hibbing Taconite Joint Venture, Inland Steel Mining Company, National Steel, and USX Corporation (the Taconites).

On March 27, 1992, the Department submitted a letter saying that Peoples had agreed to provide all parties with supplemental information by March 31, 1992. The Department recommended that the Commission accept the filing as substantially complete as of March 6, 1992.

On March 31, 1992, Peoples made a supplemental filing referred to by the Department in its March 27, 1992 letter.

On April 14, 1992, the Commission met to consider this matter, found Peoples' filings of March 6 and March 27, 1991 inadequate, and allowed Peoples additional time to complete its rate case filing.

On April 23, 1992, Peoples made an additional filing in this matter.

On April 28, 1992, the Commission met to consider this matter.

**FINDINGS AND CONCLUSIONS**

Adequacy of Peoples' Filings

The Commission examines a general rate case filing for adequacy under Minn. Stat. § 216B.16 (1990) and Minn. Rules, parts 7825.3100 through 7825.4400.

In response to Peoples' March 6 filing, the Taconites stated that Peoples' filing was generally adequate but expressed concern that Peoples' filing did not sufficiently explain the consequences to its sales projections and operating income if the Commission were to reject Peoples' proposed interim rates. An otherwise adequate general rate case filing is not invalidated by failure to specify in detail the results of this contingency. Neither the statute nor the rules require the party's initial filing to address such a hypothetical.

In its initial comments, the Department argued that Peoples March 6, 1992 filing failed to provide a detailed comparison of test year operating revenue under present and proposed rates by type of charge within each rate schedule as required by Minn. Rules, part 7825.4300, subpart B. Specifically, the Department stated that Peoples failed to break out automatic adjustments as required by the rule. In response, Peoples' supplementary filing of March 31, 1992 included comparative data for the Company's automatic adjustment revenue.

Despite this additional data, Peoples' filing remained inadequate. The Company's starting data did not accurately reflect starting conditions. Peoples calculated revenues based on rates that would exist if its proposal to consolidate its system-wide gas costs had already been approved. This approach was unwarranted and, even more important, it made accurate comparison of billing impacts on various customers as required by the statute unreasonably difficult.

At its April 14, 1992 meeting, the Commission found Peoples' filings to date unacceptable but decided that it would not dismiss Peoples' petition at that time. Peoples assured the Commission that it understood what parts of its filing required strengthening and predicted that it could complete a suitable filing shortly. Therefore, the Commission decided that it would allow the Company to further supplement its filing and accept the filing as of the date that Peoples actually met the requirements of the statute and rules governing initial filings for a general rate case.

On April 23, 1992, Peoples filed revised Sections C and E of its initial filing, Schedules LMD-1, LMD-2, and LMD-5 of Lamar Dickey's prefiled testimony, and revised notices. This additional material resolved the problems that had rendered Peoples' filing inadequate.

#### Commission Action

Accordingly, the Commission will accept Peoples' rate case as duly filed on April 23, 1992<sup>1</sup>, suspend the Company's proposed

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<sup>1</sup> This is a finding as to form only; it implies no judgement on the merits of the application. As of April 23, 1992, the statutory 10 month review period provided for by Minn. Stat. § 216B.16, subd. 3 (1990) began. The 60 day period for adopting interim rates provided by Minn. Stat. § 216B.16, subd.

rates, and require a hearing in the Office of Administrative Hearings on the merits of its request for a rate increase. In a Notice and Order for Hearing issued contemporaneously with this Order, the Commission will direct the Company to address several issues in the course of the hearing: flexible rate tariffs, carrying costs on gas inventory, conservation cost recovery, the proposed effect upon Fairmont customers, and the Company's demand-side management plan.

The Commission will proceed to process the Company's interim rates as soon as possible. The Commission will not be prepared to adopt interim rates as soon as it would have if the Company's initial March 6, 1992 filing had been adequate, but the Commission will process the matter expeditiously and anticipates being ready to adopt interim rates well within the 60 day statutory period following Peoples' successful filing.<sup>2</sup>

#### ORDER

1. The rate increase petition of Peoples Gas Company (Peoples) is accepted as being in proper form and complete as on April 23, 1992.
2. All parties to this proceeding may serve information requests on any other party. Information requests shall be answered within ten days of receipt.
3. The operation of Peoples' proposed rate schedule is hereby suspended under Minn. Stat. § 216B.16, subd. 2 (1990), until the Commission has issued a final determination in this case.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

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3 (1990), of course, also started on that date.

<sup>2</sup> The 60 day period for adopting interim rates provided by Minn. Stat. § 216B.16, subd. 3 (1990), of course, also started on the date that the company successfully completed its filing, April 23, 1992.