

G-008/M-92-229 ORDER DENYING REQUEST FOR CLARIFICATION

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 a Request by Minnegasco to Establish a Weather Normalization Adjustment That Would Automatically Increase or Decrease Rates When Weather Is Warmer or Colder Than Normal	ISSUE DATE: November 6, 1992 DOCKET NO. G-008/M-92-229 ORDER DENYING REQUEST FOR CLARIFICATION
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PROCEDURAL HISTORY

On March 24, 1992, Minnegasco (or the Company) filed a Notice of Miscellaneous Rate Change with the Commission. In that filing Minnegasco proposed a Weather Normalization Adjustment (WNA) which would adjust heat sensitive customers' bills for the effects of weather during the heating season.

On July 15, 1992, the Commission issued its ORDER REJECTING PETITION. In that Order, the Commission stated that there were a number of important issues raised by the WNA proposal which would be better addressed in a general rate case proceeding. The Commission therefore declined to make a decision on the extent of its legal authority to approve or reject the proposal, or upon the merits of the proposal itself.

On August 5, 1992, Minnegasco filed a petition for rehearing. The Department of Public Service (the Department) filed a response on August 17, 1992.

The Commission issued its ORDER GRANTING RECONSIDERATION on August 21, 1992. The Commission stated that the Order was issued in order to toll the statutory deadline, so that the Commission might fully consider the Company's petition at a later date.

The Company's petition for rehearing came before the Commission for consideration on September 10 and October 29, 1992.

FINDINGS AND CONCLUSIONS

In its August 5, 1992 petition for rehearing, Minnegasco sought clarification of two issues:

1. Is the Minnegasco-proposed Weather Normalization Adjustment a matter of rate design?
2. If so, does the current statutory authority of the Commission permit the Minnegasco monthly rate change as proposed?

The Company argued that the WNA filing is a rate design proposal and that the Commission has sufficient authority to approve it. Minnegasco also requested that this docket be consolidated into the Company's current general rate case, Docket No. G-008/M-92-400.

The Department agreed with the Company that the issue of the extent of Commission authority should be determined upon rehearing. The Department disagreed with the Company's position that the Commission has sufficient authority to approve Minnegasco's WNA proposal. The RUD-OAG spoke in favor of the Department's position at the September 10, 1992 meeting.

The Commission finds that Minnegasco has failed to raise any new argument which would support a change in the Commission's previous position at this time. The Commission continues to believe that the important issues raised by the WNA proposal would best be addressed in the context of a general rate change proceeding. As the Commission stated in its July 15, 1992 Order:

These issues are too important, far-reaching and interconnected to decide outside of a general rate case proceeding. A rate case is the means by which the Commission examines all relevant issues, including the weather factor, in the process of setting just and reasonable rates. Only in a fully-developed general rate case can the issues raised by WNA be examined in the complete context of the utility, including proper rate of return, expense allowances, rate base and rate design. The Commission therefore finds that Minnegasco's proposal for WNA will be rejected at this time.

Order at p. 4.

At the September 10, 1992 meeting, Minnegasco's representative urged the Commission to decide the question of legal authority at this time, so that Minnegasco could if necessary go before the Minnesota legislature to seek a change which would allow authorization of the WNA. While the Commission understands

Minnegasco's concern, the Commission finds that the entire issue of this new proposal will be best understood in the context of a general rate case. Minnegasco's rate case, which has already been filed, will provide a proper forum for the review of Minnegasco's proposal. The Company is free to ask the Administrative Law Judge assigned to the contested case proceeding to take administrative notice of the filings in this docket. This should allow review of the WNA proposal within the rate case without any loss of administrative or judicial efficiency, or hardship to the Company. Postponing full consideration of these issues until the general rate case will allow the Commission to review the Administrative Law Judge's findings and to hear the arguments of the parties to the rate case. The Commission may also by that time have some indication of legislative treatment of this issue in the next legislative session.

ORDER

1. Minnegasco's August 5, 1992 request for clarification is denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)