

G-011/AA-91-1014 ORDER DISAPPROVING PGA FILING, REQUIRING NEW FILING, AND REQUIRING BILL ADJUSTMENTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Cynthia A. Kitlinski
Dee Knaak
Norma McKanna

Chair
Commissioner
Commissioner
Commissioner

In the Matter of Peoples Natural
Gas Company's Purchased Gas
Adjustment Filing Proposing to
Consolidate Gas Costs

ISSUE DATE: February 11, 1992

DOCKET NO. G-011/AA-91-1014

ORDER DISAPPROVING PGA FILING,
REQUIRING NEW FILING, AND
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PROCEDURAL HISTORY

On December 23, 1991 Peoples Natural Gas Company (Peoples or the Company) made a monthly filing under the Commission's Purchased Gas Adjustment rules, Minn. Rules, parts 7825.2840 et seq. That filing reflected rate changes resulting from the Company's consolidation of its gas supply costs. In the past, the Company has determined gas supply costs separately for each of the three pipelines it uses to serve ratepayers. In December the Company stopped charging different rates to customers served by different pipelines and instead consolidated its system-wide gas supply costs. The Company stated it had begun using interconnections between pipelines to ensure adequate firm supplies for all customers and therefore rate differentials by pipeline no longer reflected actual costs.

The Company had filed an earlier petition for approval of this rate design change. In the Matter of Peoples Natural Gas Company's Petition to Consolidate Gas Supply Costs, Docket No. G-011/M-91-485. In that filing and this one, the Department of Public Service had recommended disapproving the proposed consolidation. The Commission had not acted on the earlier petition when the Company put the rate change into effect through its Purchased Gas Adjustment.

On January 28, 1992 the petition and the Purchased Gas Adjustment filing came before the Commission together.

In the petition docket, the Commission found that consolidating gas supply costs was a significant rate design change which should not be approved outside of a general rate case or similar proceeding, with broad public notice and full factual development. ORDER DENYING PETITION TO CONSOLIDATE GAS COSTS, Docket No. G-011/M-91-458 (February 10, 1992).

FINDINGS AND CONCLUSIONS

The Company states the rate change is "a change in demand to increase or decrease demand, to redistribute demand percentages among classes, or to exchange one form of demand for another," which the rule would allow without Commission action. Minn. Rules, part 7825.2910, subp. 2. The Commission disagrees. This rate change is a restructuring of the Company's approved rate design, which has long included separate rate schedules for customers of the three pipelines. Significant changes in rate design cannot be made in Purchased Gas Adjustment filings.

The Commission will disapprove the December 23 filing, direct the Company to resume using its former rate schedules, require the Company to make a new filing restoring its former rate schedules, and order billing adjustments to reflect these decisions.

ORDER

1. Peoples Natural Gas Company's December 23, 1991 Purchased Gas Adjustment filing is disapproved.
2. The Company shall resume using its former rate schedules immediately.
3. Within 15 days of the date of this Order, the Company shall file a plan for adjusting customers' bills to refund or surcharge any difference between bills based on consolidated gas supply costs and bills based on the approved rate design.
4. Within 15 days of the date of this Order, the Company shall make a new Purchased Gas Adjustment filing demonstrating reinstatement of its former rate schedules.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)