

G-008/M-93-977 ORDER APPROVING STIPULATION AND REVISING RATES
AFFECTING SMALL VOLUME COMMERCIAL AND INDUSTRIAL CUSTOMERS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Minnegasco's
Petition for Approval of a
Miscellaneous Rate Change
Affecting Small Volume
Commercial and Industrial
Customers

ISSUE DATE: November 29, 1993

DOCKET NO. G-008/M-93-977

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REVISING RATES AFFECTING SMALL
VOLUME COMMERCIAL AND INDUSTRIAL
CUSTOMERS

PROCEDURAL HISTORY

On July 1, 1992, Minnegasco applied for a general increase in rates. Docket No. G-008/GR-92-400.

On December 4, 1992, Minnegasco, the Minnesota Department of Public Service (the Department), the Residential Utilities Division of the Office of the Attorney General (RUD-OAG), and the Suburban Rate Authority (Suburban) submitted an Offer of Partial Settlement. In their Settlement, the parties proposed, among other things, increasing the customer charge for small commercial and industrial (C&I) customers to \$9.00 per month and the customer charge for the other C&I customers to \$30.00 per month.

On May 3, 1993, the Commission's FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER adopted the parties' proposed C&I customer charges.

On August 12, 1993, the Company put its new rates into effect for customers billed on or after August 12, 1993. A substantial number of complaints ensued from members of the C&I customer class regarding the customer charge increase.

On October 1, 1993, Minnegasco submitted a proposal to change the rates for the C&I customer class in an attempt to respond to complaints from the C&I customer class.

On October 5, 1993, the Commission issued a notice requesting comments on Minnegasco's proposal to all parties in the Company's last rate case.

On October 21, 1993, Minnegasco, the Department and the RUD-OAG submitted a Stipulation Agreement regarding the Company's proposal.

No other comments were received.

On November 10, 1993, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The customer charge increase proposed by the parties in Minnegasco's last rate case and adopted by the Commission when it accepted the parties' Offer of Partial Settlement has caused rate shock for the Company's mid-size Small Volume Commercial and Industrial Sales Service (C&I) customers.

In its October 1, 1993 filing, Minnegasco requested a miscellaneous rate change for its C&I customers. Specifically, the Company proposed 1) to lower the monthly customer charge from \$30.00 to \$15.00 for its C&I customers who use at least 1,500 therms but less than 5,000 therms of gas each year and 2) to increase the per-unit energy (gas) charge for the entire C&I customer class to \$0.00858 per therm to recover the difference in revenue from the reduced customer charge.

The Stipulation Agreement submitted by the Department, the RUD-OAG, and Minnegasco on October 21, 1993 modified the Company's proposal. The parties proposed the following changes in C&I rates:

1. lower the customer charge from \$30.00 per month to \$15.00 per month for customers using 1,500 therms to 4,999 therms annually;
2. retain the existing customer charge of \$30.00 per month for customers using 5,000 therms or more annually;
3. increase the commodity charge from \$0.39288 per therm to \$0.40178 per therm for customers using more than 1,500 therms annually; and
4. retain the existing rates for customers using less than 1,500 therms annually.

The proposed C&I rate changes do not change the amount of revenue that the Company would collect overall which the Commission found warranted in the last rate case. Under the proposed rate changes, rates for the small C & I class segment remain unchanged. The mid-size C&I customers would pay less and the large C&I customers would pay more. The amount collected from the entire C&I customer class would remain the same.

In support of their Stipulation Agreement, the parties argued that the C&I rates should be modified before Minnegasco's next rate case in a timely and equitable fashion to address customer concerns. The parties requested that the new rates be placed into effect on December 1, 1993 for bills rendered on and after

that date. They included a customer notice for the entire C&I class for distribution as a bill insert if the rate change were approved.

The Commission finds that the stipulated rate changes are supported by substantial evidence in the record and are in the public interest. Moreover, they appear to appropriately address the concerns raised by C&I customers. In evaluating the adequacy of the changes, the Commission is mindful that two of the parties to this stipulation are public agencies charged with responsibilities to advocate on behalf of the public, including the class of customers affected by these rate changes. In addition, while the parties' proposal represents one of several approaches to the problem, any modification made by the Commission in the stipulation would delay implementation of relief to the C&I class and result in mixing the ultimate rate changes in with interim rates, producing a level of confusion which approval of the proposed changes will avoid.

Most important, the Commission finds that the proposed changes deliver a suitable measure of relief to those affected by the changes in the C&I customer charge. The record established in Minnegasco's rate case indicated that a substantial increase in the customer charges for the C&I class was warranted, but this increase may occur at a more moderate pace. The currently proposed rates balance these two objectives.

ORDER

1. The rate changes for Minnegasco's Small Volume Commercial and Industrial Sales and Service (C&I) customers proposed by Minnegasco, the Minnesota Department of Public Service (the Department) and the Residential Utilities Division of the Office of the Attorney General's Office (RUD-OAG) are approved, effective December 1, 1993.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Susan Mackenzie
Acting Executive Secretary

(S E A L)