

G-008/GR-93-1090 ORDER FINDING FILING INCOMPLETE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

In the Matter of the  
Application of Minnegasco, a  
Division of Arkla, Inc., for  
Authority to Increase its  
Rates for Natural Gas Service  
in the State of Minnesota

ISSUE DATE: December 16, 1993  
DOCKET NO. G-008/GR-93-1090  
ORDER FINDING FILING  
INCOMPLETE

PROCEDURAL HISTORY

On November 5, 1993, Minnegasco (or the Company) filed a petition seeking a general rate increase of \$22,722,000, or approximately 3.6 percent effective January 4, 1994. Knowing that the Commission may suspend the proposed rate schedules, the Company also proposed an interim rate schedule to be effective January 4, 1994. The interim rate request would increase revenues by \$16,864,000, or approximately 2.67 percent of current retail revenues.

On November 19, 1993, the Department of Public Service (the Department) submitted comments. The Department recommended that the Commission reject the Company's rate case filing as incomplete. The Department indicated that the Company's filing, in general, satisfied the filing requirements specified by Minn. Stat. § 216B.16 (1992) and Minn. Rules, parts 7825.3100 to 7825.4400 except it did not provide a schedule summarizing the assumptions made and the approaches used in projecting each major element of operating income as required by Minn. Rule 7825.4100 (E).

On November 30, 1993, Minnegasco submitted comments objecting to the Department's recommendation to reject the filing. Minnegasco stated that its filing is sufficiently complete to comply with Minnesota Statutes and Rules, and that any additional information the Department or Commission needs can be handled with Information Requests. Minnegasco also stated that its financial schedules were in the same format as in its last rate case and that it would object to a new interpretation of Minn. Rule 7825.4100 (E).

The matter came before the Commission on December 9, 1993.

## FINDINGS AND CONCLUSIONS

In this Order, the Commission reviews Minnegasco's rate case filing of November 5, 1993 to determine whether it is complete as to form only. The merits of the rate case are not relevant to this examination. The merits of a rate case are examined in subsequent proceedings.

A general rate case officially begins when a utility makes a complete rate case filing. In order to be complete, a general rate case filing must meet the requirements of Minn. Stat. § 216B.16 (1992), Minn. Rules, parts 7825.3100 to 7825.4600, and filing requirements imposed on the utility in previous Orders.

Having reviewed Minnegasco's November 4, 1993 filing in this matter and all the comments of parties regarding that filing, the Commission finds that the Company's filing is incomplete.<sup>1</sup> With respect to the November 5, 1993 filing, the Commission finds the following defects:

### **1. Cost Allocation Information**

The Company failed to provide schedules summarizing the assumptions made and the approaches used in projecting major elements of rate base and operating income, as required by Minn. Rules, parts 7825.4000 (D) and 7825.4100 (E). Specifically, the filing did not specify the assumptions and approaches used in determining cost allocations between regulated and non-regulated operations. The rules require separate schedules so the information is easily available without having to read all the testimony to acquire the information.

### **2. Exchange Information**

The Company failed to provide all the updated information required by the Commission's July 29, 1993 Order in the Minnegasco/Midwest exchange docket.<sup>2</sup> Lacking from the November 5, 1993 filing are the following:

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<sup>1</sup> On December 9, 1993, the day this matter was deliberated, Minnegasco made a supplementary filing which it claims completes its rate case filing. The Company's December 9, 1993 filing was untimely for purposes of this deliberation and could not be taken into account in rendering this decision. Any subsequent hearing on this matter will consider the effect of this filing.

<sup>2</sup> In the Matter of the Joint Petition of Minnegasco, a Division of Arkla, Inc., and Midwest Gas, a Division of Midwest Power Systems, Inc., for Authority to Exchange Assets, Utility Operations and Business, Docket No. G-008, 010/PA-93-92, ORDER APPROVING EXCHANGE AND REQUIRING FILING (July 29, 1993).

\* updated information, with explanation and supporting documentation, on the used and usefulness of the combined peak-shaving facilities, considering additional alternative capacity available or acquired through the exchange;

\* explanation of the impact on customers of the consolidation (as a stand alone issue); schedules showing what rates would be without the consolidation; and discussion of the merits of consolidating rates;

\* while the Company's schedules and class cost of service study (CCOSS) included the acquisition adjustment, there were no comparable schedules or summary information excluding the acquisition costs and no discussion or detailed explanation of the cost impact of the acquisition adjustment on ratepayers.

### **3. Effect of the Revised Customer Charge**

The Company provided no financial, cost of service, and rate design schedules showing the effect of the \$15 customer charge for mid-sized C&I customers that was approved by the Commission in its November 29, 1993 Order in Docket No. G-008/M-93-977.

Filing requirements are important generally and take on an even larger importance in rate cases, which are complex, formalized and under statutory deadlines. Compliance with rate case filing requirements assures that a certain level of information is available to the parties right from the start of the case so that they can devote more time to analysis of substantive issues. Allowing utilities to file less than the required minimum would force intervenors to expend time and resources acquiring information from the Company through discovery procedures, time and resources more profitably directed to the merits of the case. The Commission is determined not to allow utilities to obtain unfair tactical advantage, intentionally or unintentionally, by making substandard initial filings in rate cases.

The Commission has noted the deficiencies it finds with that filing. Specifically, the Company is advised that the following items must be provided to complete its rate case filing:

1. summaries of the assumptions made and the approaches used in determining rate base and projecting each major element of operating income as required by Minn. Rule 7825.4000 (D) and 7825.4100 (E);

2. updated information, with explanation and supporting documentation, on the used and usefulness (including cost effectiveness) of the combined peak-shaving facilities, considering additional alternative capacity available or acquired through the exchange;

3. full justification of its request to consolidate rates and purchased gas adjustments (PGAs) and explanation of the impact on current Minnegasco customers demonstrating that they would not be harmed as a result of the consolidation;

4. information on the effect of the acquisition adjustment on Minnegasco and former Midwest customers; and

5. financial, cost of service, and rate design schedules that show the effect of the \$15 customer charge for mid-sized C&I customers that was approved by the Commission in its November 29, 1993 Order in Docket No. G-008/M-93-977.

In due course, the Commission will reconvene to determine whether, based on the filings made by the Company at that point, the Company's rate case filing is complete.

Finally, a related issue deserves comment. Under Minn. Stat. § 216B.16, subds. 1 and 2 (1992), the rates proposed by the Company become effective 60 days from the date that the Company's rate case filing is complete, unless they are suspended by the Commission. Because the Commission has found in this Order that Minnegasco's November 5, 1993 filing is incomplete, it is not necessary to suspend Minnegasco's proposed rates at this time. In the absence of a completed filing, Minnegasco has failed to place a rate proposal before the Commission at this time and the Company is, of course, not entitled to place proposed rates into effect on January 4, 1994, i.e. 60 days after the incomplete November 5, 1993 filing.

#### ORDER

1. The Commission finds that Minnegasco's November 5, 1993 filing in this matter is not a complete rate case filing within the meaning of Chapter 216B of the Minnesota Statutes.
2. The Company is notified in this Order of what must be provided to complete that filing.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)