

G-011/AA-92-1341 ORDER APPROVING PGA RECOVERY AS COMMODITY COST

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 Peoples Natural Gas Company's Request to Treat Northern Natural's Canadian-As-Billed and Reconciliation Adjustment Charges as Commodity Charges

ISSUE DATE: December 22, 1993
DOCKET NO. G-011/AA-92-1341
ORDER APPROVING PGA RECOVERY AS COMMODITY COST

PROCEDURAL HISTORY

On August 30, 1993 the Commission granted Peoples Natural Gas Company's (Peoples or the Company) request to change its demand entitlements with Northern Natural Gas Company (Northern). Northern had unbundled sales and transportation services under its New Services Settlement with the Federal Energy Regulatory Commission, making existing services obsolete. The Commission approved the Company's proposal to convert the services it was receiving under Northern's existing tariffs to new services under the new tariffs.

In reviewing the Company's filing, the Department of Public Service (the Department) noted that Peoples proposed to recover Northern's Canadian-As-Billed and Reconciliation Adjustment charges through its Purchased Gas Adjustment (PGA) from all sales customers (firm and interruptible) on a volumetric basis. All other local distribution companies recovered the charges from firm sales customers only through the demand charge component of their PGAs.

The Department argued interruptible customers did not cause these costs and should not be required to defray them. The Department also contended all Minnesota gas utilities should recover the costs in the same way. To guard against Peoples' loss of price-sensitive large volume customers, however, the Department recommended limiting corrective action to the two-month period preceding Northern's adoption of new tariffs and discontinuance of these charges, September 1, 1993 through November 1, 1993.

The Company opposed the Department's recommendations. The matter came before the Commission on November 24, 1993.

FINDINGS AND CONCLUSIONS

The Commission finds that under the unique facts of this case it would not be in the public interest to require the Company to recalculate its Purchased Gas Adjustment to recover Canadian-As-Billed and Reconciliation Adjustment charges from firm sales customers only. The Company's unusual customer configuration, which includes a large number of interruptible customers rarely curtailed and a large number of firm customers extremely sensitive to price, justifies commodity treatment of these charges, at least for the limited period of time at issue. Any advantage that might result from more theoretically accurate price signals would be more than offset by customer confusion and potential load loss.

The Commission will therefore approve the method of recovering Canadian-As-Billed and Reconciliation Adjustment charges proposed by the Company.

ORDER

1. The Company's proposal for recovering Canadian-As-Billed and Reconciliation Adjustment charges through its Purchased Gas Adjustment is approved.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)