

G, E-002/M-92-371 ORDER GRANTING JOINT MOTION TO WITHDRAW
PETITION FOR DEFERRED ACCOUNTING AND RESCINDING RELATED ORDERS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Cynthia A. Kitlinski
Dee Knaak
Norma McKanna

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Request for
an Order Granting Approval of
Accounting Procedures for
Recording and Amortizing NSP's
Unbilled Revenues in NSP's
Financial Statements

ISSUE DATE: February 18, 1993

DOCKET NO. G, E-002/M-92-371

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PROCEDURAL HISTORY

On September 22, 1992, the Commission issued its ORDER REQUIRING DEFERRED CREDIT ACCOUNTING TREATMENT AND THREE-YEAR AMORTIZATION OF NSP's UNBILLED REVENUES in the above-captioned matter.

On September 30, 1992, Northern States Power Company (NSP) filed a petition for reconsideration and rehearing.

On October 8, 1992, the Residential Utilities Division of the Office of the Attorney General (RUD-OAG) filed comments regarding NSP's petition.

On October 20, 1992, the Commission issued an ORDER GRANTING RECONSIDERATION for purposes of tolling the statute, allowing for meaningful review of the Company's petition and an opportunity to obtain a clearer understanding of the RUD-OAG's proposal for ultimately resolving this matter. The Order did not determine the merits of the Company's petition and stated that deliberations on the merits of the petitions would be scheduled at a later date.

On January 19, 1993, the RUD-OAG and NSP filed a Joint Motion to Withdraw Petition for Deferred Accounting.

On February 4, 1993, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

In its September 22, 1992 Order, the Commission directed NSP to record the jurisdictional amount of its unbilled revenues as a deferred credit and amortize that amount over a three-year period

commencing January 1, 1992. The primary purpose of the Order was to clarify in advance that the issue of the unbilled revenue balance would be considered in NSP's next rate proceeding.

In the Order, the Commission stated that accounting treatment adopted by a utility which would render income out of test year would not bar the Commission from examining the appropriateness of that treatment in a rate case and reversing that accounting treatment where the utility had not received Commission approval for such treatment. The Commission noted, however, that since the accounting treatment in question (NSP's recording the unbilled revenues as 1992 income) had been brought to the Commission's attention by the RUD-OAG's petition, the Commission's non-response to that petition could possibly be interpreted as approval of the Company's accounting treatment. To avoid any litigation of whether the unbilled revenue issue could appropriately be considered by the Commission in the Company's next rate case, the Commission granted the RUD-OAG's Petition and issued its Order.

In support of the pending Joint Motion, NSP agreed that the Commission is not be precluded from examining the merits of the unbilled revenues issue in the Company's pending rate cases simply because the Company recognized (booked) the income in question prior to the test year.

In light of this agreement, the Commission finds that the purpose of the RUD-OAG's petition and the Commission's September 2, 1992 Order has been met. Therefore, the Commission will approve the RUD-OAG's withdrawal of its May 12, 1992 petition and will rescind its September 22, 1992 Order. The Commission's October 20, 1992 Order, which provided additional time for the consideration of NSP's Motion for Reconsideration of the September 22, 1992 Order, will also be rescinded. It has been mooted by the parties' agreement and the Commission's rescision of that Order.

The net result of these actions is that the RUD-OAG's question regarding NSP's unbilled revenues (whether ratepayers should experience a benefit from this amount that they have not already experienced or whether the amount has already been properly factored into the rates) is preserved for consideration in the Company's pending rate cases (Docket Nos. G-002/GR-92-1186 and E-002/GR-92-1185) with the assurance that no time will be consumed arguing the merits of any "out-of-test-year" defense. At the same time, the Company is relieved of the requirement that it record the jurisdictional amount of its unbilled revenues as a deferred credit and amortize that amount over a three-year period commencing January 1, 1992.

ORDER

1. The Joint Motion to Withdraw Petition for Deferred Accounting submitted by the Residential Utilities Division of the Office of the Attorney General (RUD-OAG) and Northern States Power Company (NSP) is granted.
2. The RUD-OAG's May 12, 1992 Petition in this matter is deemed withdrawn and the Commission's Orders of September 22, 1992 and October 20, 1992 are hereby rescinded.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)