

E-001/GR-91-605 ORDER APPROVING COMPLIANCE FILINGS

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 Application  
of Interstate Power Company for  
Authority to Increase Its Rates  
for Electric Service in the  
State of Minnesota

ISSUE DATE: March 10, 1993  
DOCKET NO. E-001/GR-91-605  
ORDER APPROVING COMPLIANCE  
FILINGS

**PROCEDURAL HISTORY**

On June 12, 1992, the Commission issued its FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER in the above-captioned general rate case. On October 19, 1992, the Commission issued its ORDER AFTER RECONSIDERATION in the same docket.

On October 27, 1992, Interstate Power Company (Interstate or the Company) submitted proposed rates reflecting the Commission's June 12, 1992 and October 19, 1992 Orders.

On November 12, 1992, Interstate petitioned the Minnesota Court of Appeals for review of two Commission decisions in the general rate case. On January 5, 1993, the Commission and the Company settled one of the matters on appeal, the issue of rate case expenses.

As a result of the partial settlement, Interstate will be allowed recovery of \$424,569 in rate case expenses, to be amortized over a five year period. Interstate will be allowed to include \$84,914 as test year rate case expenses, with an average unamortized balance of \$212,285 included in rate base. As a result of this adjustment, Interstate's authorized annual retail revenues will increase by \$60,495. Interstate will be authorized to implement new rates reflecting the increased annual revenues. On January 19, 1993, Interstate filed revised schedules of rates and supporting documentation reflecting the increased revenues due to the partial settlement. On February 2, 1993, the Department of Public Service (the Department) filed comments recommending approval of the Company's compliance filings.

Interstate's January 19, 1993 compliance filings came before the Commission for consideration on February 25, 1993.

## FINDINGS AND CONCLUSIONS

The Commission approved an average rate increase of 13% for Interstate in the June 12, 1992 general rate case final Order and the October 19, 1992 Order after Reconsideration. Because the Company's authorized final rates were higher than its interim rates had been, a revenue shortfall resulted in the period from the Commission's final Order (June 12, 1992) to the date final rates were implemented (the December, 1992 billing). The Company therefore proposed two sets of rates in its October 27, 1992 compliance filing. The Company's proposed "adjusted final rates" would be in effect from the December, 1992 billing through May 31, 1993, when the slight upward adjustment included in the rates would have completely recovered the revenue shortfall. The Company's proposed "final rates" would come into effect on June 1, 1993, and would reflect the Company's annual revenue requirement from that point on.

As a result of the partial settlement approved by the Commission, the Company received an additional rate increase of less than 0.15%. The Company has therefore filed revised adjusted final rates, effective March 15, 1993, and revised final rates, effective June 1, 1993. Each of these rates follows the methodology described above, with the addition of the 0.15% increase. The parties have agreed that no adjustment for the 0.15% rate increase will take place before the March 15, 1993 effective date. Interstate will thus not recover any additional shortfall that occurred prior to March 15, 1993 as a result of the partial settlement.

The Commission finds that Interstate's January 19, 1993 compliance filings are complete and accurate, and appropriately reflect the terms of the parties' partial settlement. The Commission will accept the Company's January 19, 1993 compliance filings.

The Company has proposed notifying its customers of the revenue increase from the partial settlement through a statement on all customer bills generated in one complete billing cycle, beginning March 15, 1993. The language of the notice would read as follows:

Because of a partial court settlement after the Minnesota Commission's final order in our recent electric rate case, changed rates have been effected with this bill which represent an increase of less than 0.15 percent.

The Commission notes that in cases of greater rate impact for customers, a bill insert or some other method may be more appropriate. In light of the slight revenue increase in this case, however, the Commission finds that the Company's proposed customer notice is sufficient. The Commission will approve the Company's proposed customer notice.

**ORDER**

1. Interstate's compliance filings submitted January 19, 1993 are approved.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)