

G-010/GR-92-710 ORDER APPROVING REFUND PLAN AND REQUIRING FURTHER
FILINGS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

In the Matter of the Application of Midwest Gas, a Division of Midwest Power Systems, Inc., for Authority to Change Its Schedule of Gas Rates for Retail Customers Within the State of Minnesota

ISSUE DATE: June 4, 1993

DOCKET NO. G-010/GR-92-710

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PROCEDURAL HISTORY

On August 14, 1992, Midwest Gas (Midwest or the Company) filed a petition seeking a general rate increase.

On October 9, 1992, the Commission issued its ORDER SETTING INTERIM RATES. In that Order the Commission set a test-year interim revenue deficiency of \$2,191,861.

An evidentiary hearing before an Administrative Law Judge was held on February 10, 1993.

On April 20, 1993, the Commission issued its ORDER ACCEPTING AND ADOPTING SETTLEMENT AGREEMENT. In that Order the Commission accepted and adopted the terms of a rate case settlement agreement entered into by Midwest and the Department of Public Service (the Department).

Order Paragraph No. 4 of the April 20, 1993 Order required Midwest to submit a proposed plan for refunding with interest the amount by which interim rate revenues exceeded final rate revenues.

On May 6, 1993, Midwest submitted its proposed refund plan.

On May 12, 1993, the Department filed comments concerning the Company's filing.

The matter came before the Commission for consideration on May 27, 1993.

FINDINGS AND CONCLUSIONS

I. The Company's Refund Plan

Under the terms of the April 20, 1993 rate case Order, the Company was granted a rate increase of \$2,033,110. Since this final increase was \$158,751 lower than the interim rate increase, the Company was required to file a plan to implement a refund for its customers.

Under Midwest's refund proposal, the Company would calculate rates known as "reference interim rates." Reference interim rates are the rates customers would have paid during the interim rate period, if the interim revenue deficiency had been set at the level of the final revenue deficiency. Monthly overpayments during the interim period would be determined for each customer by comparing the interim rates to the reference interim rates. The customer's customer charge overpayment for the month would be added to the month's energy charge overpayment (calculated by multiplying the per unit overpayment by the usage for the month). The customer's monthly total would be adjusted for city and state taxes and accrued interest. The Company would accumulate the overpayments and interest amounts for the entire interim billing period to arrive at each customer's refund.

Although Midwest proposed a reduction in future bills to effect customers' refunds, the Company also wished to retain the option of refunding by check. The Company contemplated an exchange of service territories with Minnegasco, which might render refunds by check more desirable than refunds by bill. As always, refunds by check would be necessary for customers who leave the system during the interim period.

Under Midwest's refund proposal, interim overpayments would in effect be cut off during the billing cycle before the one containing the effective date of the final rates. In the billing cycle in which final rates are implemented, the Company would apply the reference interim rates for the days prior to the effective date of final rates.

II. Comments of the Department

The Department stated that Midwest's refund proposal conforms to the requirements of the April 20, 1993 Order. The Department recommended, however, that the Commission order Midwest to refund by check rather than by bill if its contemplated exchange of territory with Minnegasco occurs before the refund process is complete.

At the May 27, 1993 meeting, the Department agreed with the Company and Commission Staff that the Company should be allowed flexibility to choose the most appropriate method of providing refunds.

III. Commission Analysis

The Commission agrees with the Department that the Company has submitted an appropriate plan to calculate and implement customers' refunds. The proposed refund plan is in compliance with the requirements of the Commission's April 20, 1993 Order.

The Commission will allow the Company the flexibility to choose to refund by check or by bill. This flexibility should allow the Company to implement the most cost-effective, accurate and prompt method of refund possible. It should allow the Company the opportunity to complete the refund process before any exchange of territories with another utility takes place.

Because the Company's reference interim rates will actually be charged during part of the final billing cycle, the Commission will require that reference rate tariff sheets be entered into the tariff books. The entry should contain an explanation of when and how the rates will be applied.

ORDER

1. Midwest's proposed refund plan is approved.
2. Within seven days of the date of this Order the Company shall file with the Department the reference rate tariff sheets, including an explanation of when and how they will be applied.
3. Within 30 days of the completion of the refund process the Company shall file a report showing the amounts actually refunded by class.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)