

E-002/M-89-795 ORDER APPROVING ONE YEAR EXTENSION OF PROGRAM

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
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Chair
Commissioner
Commissioner
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Commissioner

In the Matter of Northern States Power
Company's Proposed Area Development Rider

ISSUE DATE: September 12, 1994

DOCKET NO. E-002/M-89-795

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PROCEDURAL HISTORY

On June 28, 1990, the Commission issued its ORDER APPROVING TARIFF in the above-captioned matter. In that Order the Commission approved a pilot Area Development Rider (ADR) for Northern States Power Company (NSP or the Company). Under NSP's plan, the ADR program would be implemented in four area development zones in Minneapolis and St. Paul.

On January 15, 1992, the Commission issued its ORDER APPROVING MODIFICATION OF PLAN AND REQUIRING FURTHER FILING in Docket No. E-002/M-91-710. In that Order the Commission approved the expansion of NSP's ADR project into a fifth zone, located in South St. Paul. The Commission also required the Department of Public Service (the Department) to submit comments.

On August 26, 1992, the Commission issued its ORDER EXTENDING AUTHORITY FOR TWO YEARS AND REQUIRING FURTHER FILINGS. In that Order the Commission reauthorized and extended the Company's ADR project for a period of two years, until June 28, 1994. The Commission incorporated certain designation criteria into the project and required the Company to continue to file annual reports.

On June 30, 1994, NSP filed its fourth report on the ADR program. NSP requested that the Commission extend the program without modification until June 28, 1995. The Company noted that the Minnesota legislature will be reviewing the pilot program and forming a determination on the future of the ADR concept prior to the planned July 1, 1995, repeal of the ADR statute.

Between July 14, 1994, and August 26, 1994, comments in support of NSP's ADR program were filed by Columbia Heights/Housing & Redevelopment Authority; City of St. Paul/Office of the City Council; City of South St. Paul/Office of the Mayor; City of South St. Paul/Housing & Redevelopment Authority; Minneapolis Community Development Agency; City of Minneapolis/Office of the Mayor; City of St. Paul/Port Authority; Metro East Development Partnership; and South St. Paul/Inver Grove Heights Chamber of Commerce Foundation.

On July 20, 1994, the Department filed comments in support of a one year extension of the Company's ADR project. The Department stated that its support of an extension did not imply support of a permanent ADR program. The Department wished to defer a final recommendation on the ADR concept until the Commission had analyzed the effectiveness of the ADR program and reported to the legislature concerning it. The Department noted that the ADR statute requires the Commission to submit an evaluative report to the legislature by January 1, 1995.

On September 1, 1994, the Commission considered NSP's proposed one year extension of its ADR project.

FINDINGS AND CONCLUSIONS

Minn. Stat. § 216B.161 provides that, upon expiration of an ADR plan, the Commission will determine if the ADR rates should be continued, modified, or eliminated. The ADR statute also provides that the Commission will evaluate the impact and effectiveness of any ADR plans and report to the legislature regarding its findings by January 1, 1995.

The NSP ADR program (the only development rate implemented under the ADR statute) expired on June 28, 1994. The Commission agrees with the Department that a one year extension of the program, as requested by the Company, is advisable. The extension of the unmodified program will provide continuity and stability to program participants while the overall issue of the ADR program is being analyzed. It will also allow prospective participants to take part in the program during this time.

At this time, Commission Staff is gathering comments regarding the ADR concept for the Commission's consideration as it prepares a report to the legislature. An updated ADR program review from the Company will also be useful in the Commission's analysis.

With the benefit of the Commission's report, the legislature will decide the direction the ADR program will take after the present law expires in 1995. If the legislature determines that the ADR concept should continue, all future programs will be considered under the provisions of the new legislation.

ORDER

1. The Commission approves the extension of the NSP ADR program for one year, until June 28, 1995.
2. On or before November 1, 1994, the Company shall file a report on its ADR program. The report shall include information on the customers that have been approved for service under the ADR rate since June 28, 1994, including: the number of customers

approved for service under the rate; the type of customers; whether the customer was located in NSP's service area prior to relocation; the additional capital investment in plant and equipment made by each customer; additional employment; additional annual property taxes; and additional assistance received from other agencies. The Company shall also include any other quantitative and qualitative measures the Company believes will aid in the evaluation of the ADR program.

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)