

G-007/M-92-212 ORDER ACCEPTING REPORT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
Marshall Johnson  
Cynthia A. Kitlinski  
Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Request by Northern  
Minnesota Utilities for Approval of a New  
Town Rate

ISSUE DATE: September 13, 1994

DOCKET NO. G-007/M-92-212

ORDER ACCEPTING REPORT

**PROCEDURAL HISTORY**

Between April and June 1, 1991, three Minnesota natural gas utilities filed proposed tariffs to cover the costs of expanding service to communities not yet served with natural gas. The proposals were assigned to Docket Nos. G-011/M-91-296, G-007/M-91-460, and G-008/M-91-575 respectively.

On March 10, 1992, the Commission consolidated the three dockets (G-011/M-91-296, G-007/M-91-460, and G-008/M-91-575) for consideration and issued its ORDER REJECTING PROPOSED TARIFFS AND REQUIRING REPORT. The Commission stated that because significant policy questions regarding gas service expansion remained unresolved it would deny without prejudice the three petitions for service expansion tariffs.

On March 18, 1992, Northern Minnesota Utilities (NMU or the Company) filed a new proposal for a service expansion tariff which it called a New Town Rate. The matter was assigned to the current docket, G-007/M-92-212.

On May 6, 1992, the Commission issued its ORDER APPROVING TARIFF WITH MODIFICATIONS AND REQUIRING FURTHER FILINGS. In that Order, the Commission approved NMU's New Town tariff as modified. In addition, the Commission directed NMU to file by March 1 of each year a report regarding activities of the New Town Rate projects for the previous year. The Order also required NMU to submit for Commission approval the proposed termination dates for New Town projects begun since the last annual report.

On April 28, 1993, NMU filed an annual report and proposed a termination date for its New Town projects, as required by the Commission's May 6, 1992 Order.

On May 10, 1993, the Department filed comments regarding NMU's annual report, stating that the Company had fully complied with the Commission's Order.

On August 3, 1993, the Commission issued its ORDER ACCEPTING FILING, SETTING EXPIRATION DATE AND REQUIRING REVISED TARIFF SHEETS. In that Order, the Commission set the expiration date for the surcharge on this project at December 31, 1996.

On June 17, 1994, NMU filed its second annual report regarding its New Town project.

On September 1, 1994, the Commission met to consider this matter.

### **FINDINGS AND CONCLUSIONS**

The Commission has reviewed NMU's annual report and finds that it provides all the required information. Accordingly, the Commission will accept the report.

The Commission notes that under terms of the New Town Tariff, the Company is not allowed to change the monthly surcharge amount (\$6.00 per month for general service customers) nor is it allowed to extend the termination date (December 31, 1996). Given these fixed terms and based on the information supplied in this year's report, it appears likely that by the time the surcharge authority expires the Company will have collected all but about \$250 of the amount (revenue deficiency plus a financing charge) it was authorized to collect. In any event, as the Commission established before the New Town project was undertaken, the Company's shareholders, not NMU's ratepayers, will be liable for any shortfall in the surcharge.

### **ORDER**

1. The annual report filed by Northern Minnesota Utilities (NMU or the Company) regarding activities of its New Town Rate project for 1993 is accepted.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)