

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Ken Nickolai	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of the Application of Greater Minnesota Gas, Inc., a Wholly Owned Subsidiary of Greater Minnesota Synergy, Inc., for Authority to Increase Rates for Natural Gas Service in the State of Minnesota

ISSUE DATE: December 19, 2006

DOCKET NO. G-022/GR-06-1148

ORDER SETTING INTERIM RATES

PROCEDURAL HISTORY

On October 23, 2006, Greater Minnesota Gas, Inc., a wholly owned subsidiary of Greater Minnesota Synergy, Inc., (Greater Minnesota or the Company) filed a general rate case seeking an annual rate increase of \$336,500, or approximately 7.1%. Under Minn. Stat. § 216B.16, subd. 3, the Commission must order an interim rate schedule into effect within 60 days from the filing of a general rate case, unless the Commission allows the proposed rates to go into effect. The Company included proposed interim rate schedules in its October 23 filing.

On October 30, 2006, the Commission issued a notice to potentially interested parties requesting comments on whether the Commission should accept the filing as substantially complete and whether it should refer the case to the Office of Administrative Hearings for contested case proceedings. The only party to file comments was the Minnesota Department of Commerce, which recommended accepting the filing as complete and referring the case for contested case proceedings.

On December 7, 2006, the rate case filing, including the interim rates petition, came before the Commission. The Commission accepted the filing as substantially complete, referred the case for contested case proceedings, and set interim rates as set forth below.¹

¹ See Order Accepting Filing and Suspending Rates and Notice and Order for Hearing, both issued today in this docket.

FINDINGS AND CONCLUSIONS

I. The Legal Standard

Under Minn. Stat. § 216B.16, subd. 3, interim rates are established in expedited proceedings conducted ex parte. Except under exigent circumstances, the following principles control.

Interim rates are based on the proposed test year cost of capital, the proposed test year rate base, and proposed test year expenses. They are calculated using existing rate design and the rate of return on common equity authorized in the company's last general rate case. Only rate base and expense items similar in nature and kind to those allowed under the company's last general rate case Order can be included in interim rate calculations.

Interim rates are collected subject to refund. If the company collects more in interim rates than it would have collected in final rates, it refunds the difference to ratepayers. If it collects less, it can recover the difference, but only for the time period between the final determination in the rate case and the date on which final rates go into effect.²

II. Commission Action

The Commission has examined the Company's interim rates proposal and finds that it complies with the requirements of Minn. Stat. § 216B.16, subd. 3. The Commission will therefore approve the Company's interim rates proposal and authorize the collection of interim rates for service rendered on and after December 22, 2006. Rates will be based on the new base cost of gas set in conjunction with this rate case filing³ and will result in a total annualized interim rate increase of \$336,500.

The Company will be required to promptly file interim rate tariff sheets reflecting this decision, together with supporting documentation. The Company will also be required to provide a Commission-approved notice of interim rates to customers, and to keep the records necessary to implement any refund ordered at the conclusion of the case.

The Commission will so order.

² Minn. Stat. § 216B.16, subd. 3.

³ *In the Matter of Petition by Greater Minnesota Gas, Inc., a Wholly Owned Subsidiary of Greater Minnesota Synergy, Inc., to Establish a New Base Cost of Gas to Coincide with the Implementation of Interim Rates*, Docket No. G-022/MR-06-1491.

ORDER

1. The Company's interim rates proposal is hereby approved, modified to incorporate the new base cost of gas set in conjunction with this rate case filing in docket number G-022/MR-06-1491. The Company is authorized to put this rate increase into effect for service rendered on and after December 22, 2006.
2. The Company shall promptly file revised interim rate tariff sheets and supporting documentation demonstrating compliance with the decisions made herein.
3. The Company shall include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary, and shall make a filing certifying its compliance with this requirement as soon as compliance is complete.
4. The Company shall keep such records of sales and collections under interim rates as will be necessary to calculate a potential refund within 120 days of the Commission's final Order in this case.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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