

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer
Marshall Johnson
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner

In the Matter of Northwestern Wisconsin
Electric Company's Petition for Authority to
Change its Minnesota Electric Rates and Rules
to Conform with Existing Wisconsin Rates and
Rules

ISSUE DATE: June 20, 2007

DOCKET NO. E-016/GR-07-504

ORDER GRANTING RATE INCREASE
AND GRANTING VARIANCE

PROCEDURAL HISTORY

Northwestern Wisconsin Electric Company (Northwestern) is an investor-owned electric utility providing electricity to approximately 12,879 customers in Wisconsin and to 105 customers in Minnesota.

On April 19, 2007, Northwestern filed a petition with the Commission requesting approval to change its Minnesota electric rates and rules so that they conform with existing Wisconsin rates and rules.¹ Northwestern also asked the Commission to grant a variance to certain Minnesota rules concerning filing of rate increase applications and late payment charges.

On May 14, 2007, the Department of Commerce filed comments, recommending that the Commission grant the requested variance and approve the change in rates.

On June 7, 2007, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Northwestern's Petition

Northwestern requested a variance to the following paragraphs of the Minnesota Rules concerning filing of rate increase applications:

¹ Wisconsin Public Service Order No. 4280-ER-104 (March 23, 2007).

Part 7825.3500C - Description and Purpose of Change in Rates
Part 7825.3900 - Jurisdictional Finance Summary Schedule
Part 7825.4000 - Rate Base Schedules
Part 7825.4100 - Operating Income Schedules
Part 7825.4200 - Rate of Return, Cost of Capital Schedules
Part 7825.4300C - Procedures for Cost and Revenue Allocations
Part 7825.4400A - Annual Report
Part 7825.4400B - Schedule Showing Development of Income

Northwestern also requested a variance to Minn. Rules, Part 7820.5500, subp. 2, which states that "The utility shall not assess a late payment charge until the delinquent amount exceeds \$10." Northwestern argued that to exclude the first \$10 amount is an excessive administrative burden because it would require the Company to apply different late penalty criteria to its Minnesota customers than those applied to its Wisconsin customers.

II. Commission Action

Minnesota Statutes § 216B.16, subd. 12a(a), provides that:

- (a) An electric utility, operating as such in a bordering state and having fewer than 200 customers in Minnesota, is exempt from this section if the utility:
- (1) charges Minnesota customers the same rates as those charged to customers in the bordering state;
 - (2) provides 60-day notice to the commission of rate increases for its Minnesota customers;
 - (3) provides individual written notice of rate increases to its Minnesota customers;
 - (4) provides the commission with schedules of rates and tariffs charged in the bordering state and revenues by class under the former and proposed rates; and
 - (5) maintains an up-to-date tariff book with the department.

Based on the Department's recommendation, the Commission finds that Northwestern has met all of the requirements of Minn. Stat. § 216B.16, subd. 12a(a):

- There are approximately 105 customers in Minnesota;
- The Minnesota and Wisconsin customers would be charged the same rates under Northwestern's proposal;
- The Company provided the Commission with a 60-day notice of the proposed rate increase to its Minnesota customers;
- The Company provided schedules of rates and tariffs charged in Wisconsin; and
- Upon Commission approval, the Company will submit new tariff pages to update the tariff book.

As Northwestern's petition has met the aforementioned requirements, the Commission finds it is not necessary to grant the variance to Minn. Rules Parts 7825.3500C to 7825.4400B as requested by the Company.²

With respect to the Company's requested variance to Minn. Rules, Part 7820.5500, subp. 2, for late payment charges, the Commission will approve the variance pursuant to Minn. Rules 7829.3200, subp. 3. Enforcement of the Rule would impose an excessive administrative burden on the Company, by requiring it to apply different late payment criteria to its Minnesota customers than to its Wisconsin customers. The public interest would not be adversely affected, as there is no minimum late payment charge. Finally, the variance would not conflict with standards imposed by law, and is consistent with Commission precedent as demonstrated in Northwestern's most recent rate case.³

The Commission will grant the variance for so long as the rates established herein remain in effect.

ORDER

1. The Commission hereby approves the requested change in rates.
2. The Commission grants a variance to Minn. Rules, Part 7820.5500, subp. 2 for so long as the rates established herein remain in effect.
3. Wisconsin Electric Company shall file updated tariff sheets within ten days of the Commission's Order in this proceeding.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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² See e.g., Docket No. E-016/GR-01-1250 (October 9, 2001).

³ Id.