

7825.2700 PURCHASE GAS CHARGES, AUTOMATIC ADJUSTMENT.

Subpart 1. **Computation generally.** The computation of the automatic adjustment of charges must conform to the procedures set forth in this part.

The amount of the billing period adjustment to charges must be determined by applying an adjustment per Mcf, Ccf, or Btu to Mcf, Ccf, or Btu sales in the billing period. The adjustment per Mcf, Ccf, or Btu or the amount of the adjustment must be stated on the customer's bill to comply with parts 7820.3500 and 7820.3600.

Subp. 2. **New base gas cost.** A new base gas cost must be submitted as a miscellaneous rate change to coincide with the implementation of interim rates during a general rate proceeding. A new base gas cost must also be part of the rate design compliance filing submitted as a result of a general rate proceeding. The base gas cost must separately state the commodity base cost and the demand base cost components for each class. The base gas cost for each class is determined by dividing the estimated base period cost of purchased gas for each class by the estimated base period annual sales volume for each class.

Subp. 3. **Adjustment per Mcf, Ccf, or Btu.** The adjustment per Mcf, Ccf, or Btu is the sum of the commodity adjustment, demand adjustment, peak shaving gas adjustment, manufactured gas adjustment, and true-up adjustment. The adjustment per Mcf, Ccf, or Btu must be applied to billings whenever the change in commodity-delivered gas cost and demand-delivered gas cost exceeds \$0.03 per 1,000,000 Btu's. Subject to commission approval, a gas utility may include in its rate schedules a provision to apply an automatic adjustment of charges to billings on a more frequent basis to reflect changes in the commodity-delivered gas cost or in the demand-delivered gas cost. If there has been no automatic adjustment of charges for three months, the adjustment must be made three months from the date of the last adjustment. Adjustments must be filed under part 7825.2910.

Subp. 4. **Commodity adjustment.** The commodity adjustment is the change in the commodity rate which results from a difference between the commodity-delivered gas cost and the commodity base cost. To properly reflect adjustment per Mcf, Ccf, or Btu billed, the divisor for a particular class of customer must include total sales volume forecasted to be delivered to that class of customer over a budgeted 12-month period.

Subp. 5. **Demand adjustment.** The demand adjustment is the change in the annual demand rate which results from a difference between the demand-delivered gas cost and the demand base cost. In the event the demand-delivered gas cost does not change, the demand adjustment must be recalculated for each 12-month period from the date of the last change. The adjustment must be computed using test year demand volumes for three years after the end of the utility's most recent general rate case test year. After this time period, the demand adjustment must be computed on the basis of annual demand volume.

If a customer class is billed separately for demand, the demand adjustment must be computed on the basis of the demand component of the rate for that class and applied to the demand charge.

Subp. 6. **Peak shaving and manufactured gas adjustment.** The peak shaving adjustment or the manufactured gas adjustment is the difference between the cost of propane or fuel consumed in the manufacture of gas during the heating season and the peak shaving or manufactured gas base cost. The peak shaving or manufactured gas adjustment must be computed annually on the basis of forecasted firm annual sales volume, adjusted to the extent peak shaving gas or manufactured gas is used to serve interruptible customers; and to that extent the cost of peak shaving gas or manufactured gas must be applied to interruptible customers. The adjustment must be applied to billings during the next 12-month period commencing on September 1 of each year provided the adjustment has been filed under part 7825.2910.

Subp. 7. **True-up amount.** The true-up amount is the difference between the commodity and demand gas revenues by class collected by the utility and the actual commodity-delivered gas cost and demand-delivered gas cost by class incurred by the utility during the year. The true-up adjustment must be computed annually for each class by dividing the true-up amount by the forecasted sales volumes and applied to billings during the next 12-month period beginning on September 1 each year, provided that the adjustment has been filed under part 7825.2910, subpart 3.

Subp. 8. **Refunds.** Refunds and interest on the refunds, that are received from the suppliers or transporters of purchased gas and attributable to the cost of gas previously sold, must be annually refunded by credits to bills, except that cumulative refund amounts equal to or greater than \$5 per customer must be refunded within 90 days from the date the refund is received from a supplier or transporter. Refunds must be allocated to customer classes in proportion to previously charged costs of purchased gas. Within classes, the refund amount per unit must be applied to bills on the basis of individual 12-month usage. The utility shall add interest to the unrefunded balance at the prime interest rate.

Statutory Authority: *MS s 216B.03; 216B.05; 216B.08; 216B.16*

History: *9 SR 1204; 14 SR 977*

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