

1 Public Utilities Commission

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3 Adopted Rules Governing Automatic Adjustment of Charges

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5 Rules as Adopted

6 7825.2390 PURPOSE.

7 The purpose of parts 7825.2390 to 7825.3000 is to allow a
8 means by which regulated gas and electric utilities may adjust
9 for increases and decreases in the cost of energy delivered to
10 customers that are different from those costs authorized by the
11 commission in the utility's most recent general rate case.

12 Energy costs included in rate schedules are subject to
13 evidentiary hearings in general rate cases filed by the
14 utility. Proposed energy cost adjustments must be evaluated
15 submitted before billing by to the Department of Public
16 Service. Annual evaluation of energy cost adjustments must be
17 made by the Department of Public Service and others as provided
18 for in parts 7825.2390 to 7825.3000.

19 7825.2400 DEFINITIONS.

20 Subpart 1. Scope. For the purpose of parts 7825.2390 to
21 7825.3000, the following definitions apply.

22 Subp. 2. Annual sales volume. "Annual sales volume" is
23 the sum of the Mcf, Ccf, or Btu of gas delivered during the most
24 recent 12 months of the 14-month period preceding a change in
25 the city gate rate or end of the heating season for which actual
26 data is available.

27 Subp. 3. [Unchanged.]

28 Subp. 4. Base cost. "Base cost" is the cost of peak
29 shaving gas volumes or the cost of fuel consumed in the
30 manufacture of gas or generation of electricity and purchased
31 gas or purchased power in the base period expressed as a cost
32 per kilowatt-hour sold or cost per Mcf, Ccf, or Btu sold.

33 Subp. 5. to 9. [Unchanged.]

34 Subp. 10. Cost of fuel consumed in manufacture of gas;
35 peak shaving gas volumes. "Cost of fuel consumed in the

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1 manufacture of gas" or "peak shaving gas volumes" is the
2 withdrawals, during the heating season, from account 151 as
3 defined by the Minnesota uniform system of accounts, class A and
4 B gas utilities. All gas public utilities shall use this
5 definition regardless of class.

6 Subp. 11. and 12. [Unchanged.]

7 Subp. 13. Current period. "Current period" is the most
8 recent two-month moving average used by electric utilities in
9 computing an automatic adjustment of charges. Upon approval of
10 the commission, a self-billing utility may use a longer period,
11 not to exceed 12 months, provided that the provision contains a
12 settlement procedure.

13 Subp. 14. to 17. [Unchanged.]

14 7825.2500 APPLICABILITY AND TYPES OF AUTOMATIC ADJUSTMENT OF
15 CHARGES.

16 The commission shall permit the filing of rate schedules
17 containing provisions for the automatic adjustment of charges
18 provided the provisions conform to parts 7825.2600 to
19 7825.3000. Parts 7825.2390 to 7825.3000 are applicable to all
20 classes of public utilities.

21 Provisions for automatic adjustment of charges must
22 encompass:

23 A. [Unchanged.]

24 B. Changes in cost resulting from changes in the
25 federally regulated wholesale rate for purchased gas and changes
26 in the cost of fuel consumed in the manufacture of gas or peak
27 shaving gas volumes. This provision is entitled purchased gas
28 adjustment.

29 7825.2600 ELECTRIC ENERGY ADJUSTMENT.

30 The computations of the automatic adjustment to charges
31 must conform to the procedures set forth below.

32 The amount of the billing period adjustment to charges must
33 be determined by extending Kwh of sales in the billing period by
34 an adjustment per Kwh. The adjustment per Kwh or the amount of
35 the adjustment must be stated on the customer's bill to comply

1 with parts 7820.3500 and 7820.3600.

2 The adjustment per Kwh is the sum of the current period
3 cost of energy purchased and cost of fuel consumed per Kwh less
4 the base cost per Kwh; except that upon commission approval, a
5 utility that purchases at least 75 percent of its annual total
6 Kwh sales may also separately add an additional adjustment per
7 Kwh equal to the difference between the purchased demand cost
8 and the base cost of purchased demand. This purchased demand
9 cost adjustment is to be computed annually for the previous year
10 less the demand base cost per Kwh.

11 The adjustment to charges must be made in the next complete
12 billing period succeeding the determination of the adjustment
13 per Kwh provided the adjustment has been filed as defined by
14 part 7825.2900, subpart 1. The adjustment factor must be
15 calculated monthly. Except, upon commission approval, a
16 self-billing utility may calculate the adjustment less
17 frequently but at least annually and shall provide for a
18 settlement procedure. The adjustment must be applied each
19 month. The adjustment amount must be rounded such that the
20 projected recovery is within two percent of the change in total
21 cost.

22 7825.2700 PURCHASE GAS ADJUSTMENT.

23 The computation of the automatic adjustment to of charges
24 must conform to the procedures set forth below.

25 The amount of the billing period adjustment to charges must
26 be determined by extending Mcf, Ccf, or Btu sales in the billing
27 period by an adjustment per Mcf, Ccf, or Btu. The adjustment
28 per Mcf, Ccf, or Btu or the amount of the adjustment must be
29 stated on the customer's bill to comply with parts 7820.3500 and
30 7820.3600.

31 The adjustment per Mcf, Ccf, or Btu is the sum of the
32 commodity adjustment, demand adjustment, peak shaving gas
33 adjustment, and manufactured gas adjustment as computed below:

34 A. The commodity adjustment is the difference between
35 the commodity cost which results from a change in the city gate
36 rate and the commodity base cost. To properly reflect

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1 adjustment per Mcf, Ccf, or Btu billed, the divisor for a
2 particular class of customer must include total sales volume
3 delivered to that class of customer. The adjustment must be
4 applied to billings after the effective date of the commodity
5 rate change provided the adjustment has been filed as defined by
6 part 7825.2900, subpart 1.

7 B. The demand adjustment is the difference between
8 the annual demand cost which results from a change in the city
9 gate rate and the demand base cost. In the event the demand
10 city gate rate does not change, the demand adjustment must be
11 recalculated for each 12-month period from the date of the last
12 change. The adjustment must be computed on the basis of annual
13 demand sales volume and applied to billings after the effective
14 date of the demand rate change provided the adjustment has been
15 filed as defined by part 7825.2900, subpart 1.

16 C. The peak shaving adjustment or the manufactured
17 gas adjustment is the difference between the cost of propane or
18 fuel consumed in the manufacture of gas during the heating
19 season and the peak shaving or manufactured gas base cost. The
20 peak shaving or manufactured gas adjustment must be computed
21 annually for the heating season ending April 30 of each year on
22 the basis of firm annual sales volume adjusted to the extent
23 peak shaving gas or manufactured gas is used to serve
24 interruptible customers. The cost of peak shaving gas or
25 manufactured gas must be applied to interruptible customers.
26 The adjustment must be applied to billings during the next
27 12-month period commencing on June 1 of each year provided the
28 adjustment has been filed as defined by part 7825.2900, subpart
29 1.

30 Refunds and interest thereon received from the suppliers of
31 purchased gas that are attributable to the cost of gas
32 previously sold must be refunded by credits to bills or check
33 within a period not to exceed 90 days from the date the refund
34 is received from a supplier, provided the refund amount per
35 customer is equal to or greater than five cents. Upon approval
36 of the commission, refunds of less than five cents per customer

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1 may be retained by the utility and separately accounted for
2 until such time as the balance, together with additional
3 supplier refunds, produces a refund of five cents or more per
4 customer. Refunds must be made to each customer class on the
5 same basis as previously charged to customers. If a supplier
6 refund cannot be accurately distributed to customers because of
7 seasonal usage patterns, then upon commission approval,
8 refunding may be delayed for a period of up to 12 months. The
9 utility shall add interest to the unrefunded balance at the
10 prime interest rate.

11 7825.2800 ANNUAL REPORTS; POLICIES AND ACTIONS.

12 All public utilities shall file annually on September 1 of
13 each year the procurement policies for selecting sources of fuel
14 and energy purchased, dispatching policies, if applicable, and a
15 summary of actions taken to minimize cost.

16 7825.2810 ANNUAL REPORT; AUTOMATIC ADJUSTMENT CHARGES.

17 By September 1 of each year, all gas and electric utilities
18 shall submit to the commission an annual reporting by month of
19 all automatic adjustment charges for each customer class for the
20 prior year commencing July 1 and ending June 30. This report
21 must include:

22 A. the commission-approved base cost of fuel or gas
23 as defined by part 7825.2400, subpart 4;

24 B. billing adjustment amounts, such as Kwh, Mcf, Ccf,
25 or Btu, charged customers for each type of energy cost, such as
26 nuclear, coal, purchased power, purchased gas, peak shaving gas,
27 or manufactured gas;

28 C. billing adjustment amounts, by gas supplier, that
29 were used to bill the utility during the reporting period;

30 D. the total cost of fuel or gas delivered to
31 customers;

32 E. the revenues collected from customers for energy
33 delivered;

34 F. the amount of supplier refunds received as defined
35 by part 7825.2700; and

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1 G. the amount of refunds credited to customers.

2 7825.2820 ANNUAL AUDITOR'S REPORT.

3 By September 1 of each year, all gas and electric utilities
4 shall submit to the commission an independent auditor's report
5 evaluating accounting for automatic adjustments for the prior
6 year commencing July 1 and ending June 30 or any other year if
7 requested by the utility and approved by the commission. The
8 commission shall approve the request unless it finds that to do
9 so would seriously affect the administration of the automatic
10 adjustment reporting program.

11 7825.2830 ANNUAL FIVE-YEAR PROJECTION.

12 By September 1 of each year, all gas and electric utilities
13 shall submit to the commission a five-year projection of fuel
14 and gas costs by energy source by month for the first two years
15 and on an annual basis thereafter.

16 7825.2840 ANNUAL NOTICE OF REPORTS AVAILABILITY.

17 By September 1 of each year, all gas and electric utilities
18 shall provide notice of the availability of the reports defined
19 in parts 7825.2800 to 7825.2830 to all intervenors in the
20 previous two general rate cases.

21 7825.2850 ANNUAL COMMISSION MEETING.

22 The commission shall annually conduct a separate meeting to
23 review the automatic adjustment of charges reported herein.

24 7825.3000 IMPLEMENTATION.

25 Existing automatic adjustment provisions in effect on the
26 effective date of these rules that will not result in adjustment
27 amounts materially greater than those determined by parts
28 7825.2390 to 7825.3000 continue in effect until the commission,
29 upon its own motion or upon complaint and after appropriate
30 notice and hearing, orders otherwise. Adjustments made pursuant
31 to automatic adjustment provisions in effect on the effective
32 date of these rules which may result in adjustment amounts
33 materially greater than those determined by parts 7825.2390 to
34 7825.3000 must be frozen by the utility at the level of charges

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1 in effect at the effective date of parts 7825.2390 to 7825.3000.
2 The existing level of any such automatic adjustments, on the
3 effective date of parts 7825.2390 to 7825.3000, must be
4 submitted to the Department of Public Service within 30 days.

5 If existing automatic adjustments of charges are continued
6 under the provision above, then the filing requirements of part
7 7825.2900, subpart 1 apply.

8 When a utility proposes new or revised electric energy or
9 purchased gas adjustment provisions, the proposal is deemed a
10 change in rates and must be reviewed according to commission
11 rules and practices relating to utility rate changes.

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