

1 Department of Public Service

2 Adopted Permanent Rules Relating to Conservation Improvement Programs

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ADMINISTRATIVE
HEARINGS

3 CHAPTER 7690

4 DEPARTMENT OF PUBLIC SERVICE

5 CONSERVATION IMPROVEMENT PROGRAMS

6 7690.0100 DEFINITIONS.

7 [For text of subpart 1, see M.R.]

8 Subp. 1a. **Commissioner.** "Commissioner" means the appointed commissioner of the
9 Minnesota Department of Public Service.

10 [For text of subp 2, see M.R.]

11 Subp. 3. **Low income.** "Low income" has the meaning given it in Minnesota Statutes,
12 section 216B.241, subdivision 1b.

13 7690.0200 PURPOSE.

14 The purpose of this chapter is to specify procedures to be followed by public utilities
15 in submitting, and by the department in analyzing and selecting, proposals for
16 conservation improvement programs and to provide for the participation of other
17 interested persons in developing conservation improvement programs.

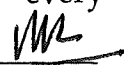
18 7690.0300 SCOPE.

19 This chapter applies to proposals by public utilities and other interested persons for
20 utility investments in conservation improvement programs.

21 7690.0500 BIENNIAL CONSERVATION IMPROVEMENT PROGRAM FILING.

22 Subpart 1. **Time limits.** No later than July 1 of each even-numbered year beginning in
23 1998, a public natural gas utility required by Minnesota Statutes, section 216B.241, to
24 invest in a conservation improvement program shall file with the department a biennial
25 conservation improvement program. No later than August 1, 1997, and every

7690.0500



1 odd-numbered year afterward, a public electric utility required by Minnesota Statutes,
2 section 216B.241, to invest in a conservation improvement program shall file with the
3 department a conservation improvement program.

4 Subp. 2. **Contents.** The biennial conservation improvement program filing must
5 include:

6 A. a comprehensive description of the proposed program, including a description
7 of each project making up the program;

8 B. for each individual project, a completed project information sheet that will be
9 provided by the department. The project information sheet can be used to provide the
10 information required in items E and F;

11 C. for each project making up the program, a description of the expected effect of
12 each project on peak demand and energy consumption with supporting assumptions,
13 including a list of each conservation technology or process to be promoted and the
14 energy- and demand-savings assumptions associated with each identified technology;

15 D. for each electric utility that must submit an integrated resource plan to the
16 Public Utilities Commission, an explanation of how its overall conservation
17 improvement program enables the utility to meet the long-term demand-side
18 management goals established in its most recent integrated resource plan;

19 E. an estimate of the expected cost effectiveness of each project to the utility, to the
20 project's participants, to the utility's ratepayers, and to society;

21 F. for each project targeted at residential consumers, an estimate of the anticipated
22 percentage of use of each project among:

23 (1) low-income participants; and

24 (2) renters;

25 G. a detailed budget for each project for the next two years;

- 1 H. a description of the utility's ratemaking treatment and cost-recovery method;
- 2 I. an estimate of participation in each project;
- 3 J. an explanation of how the proposed projects provide for the involvement of
4 community energy organizations when appropriate;
- 5 K. an outline of the proposed plan for evaluating the effectiveness of each
6 proposed project;
- 7 L. for each renewable energy project, an estimate of the net energy and capacity to
8 be produced by each project and the projected reliability of the technology that would
9 be used; and
- 10 M. additional information that the department determines is necessary as a result
11 of its review or evaluation of previous projects of the particular utility.

12 Subp. 3. **Completeness review.** Upon receipt of a utility's plan, the department shall
13 conduct a completeness review based on the filing requirements listed in subpart 2. The
14 department's findings after this review must set forth the information necessary to make
15 the plan complete and the date by which the information must be filed. The department
16 staff's findings must be ~~mailed within~~ issued no later than ten days ~~of the receipt of~~ after
17 the plan is filed with the department. When the department determines that the
18 necessary information has been filed to make the plan complete, it shall serve a written
19 notice of completion on the utility and persons on the utility's service list established
20 under part 7690.0800, subpart 1.

21 **7690.0550 PROGRAM STATUS REPORT.**

22 By April 1 of each year, an electric utility shall file with the department, and by May 1
23 of each year, a natural gas utility shall file with the department, a status report on each
24 project operated during the previous year. The status report must include the following
25 information for each project:

1 A. the approved participation goal, and the actual participants served during the
2 previous calendar year;

3 B. the estimate of (1) low-income and (2) renter residential customer participation
4 levels as anticipated in the approved biennial conservation improvement program
5 filing, and the utility's estimates of low-income participation level and renter
6 participation level actually achieved, if applicable;

7 C. the approved budget, and the actual expenditures;

8 D. the approved energy- and demand-savings goals, and the actual energy and
9 demand savings achieved for the previous year; and

10 E. the cost effectiveness of the project based on the results of previous years and
11 the actual expenditures, as calculated from the utility, participant, ratepayer, and
12 societal perspectives, ~~when appropriate.~~

13 An electric or gas utility may submit its financial incentive filing to meet the
14 requirements of the status report if the financial incentive filing includes all of the
15 information specified in items A to E.

16 **7690.0700 EXISTING PROGRAM PROJECTS; FILING.**

17 The filing requirements for renewing existing conservation improvement program
18 projects are the same as for newly proposed projects. However, if the department has
19 ~~material~~ information already on file, the utility or interested person renewing a project
20 may submit a project update sheet that references ~~material~~ information the department
21 already has on file. The project update sheet must include the project information sheet
22 described in part 7690.0500, subpart 2, and must contain the following information:

23 A. the date and docket number of when the project was most recently approved by
24 the department with complete information pursuant to part 7690.0500, subpart 2;

25 B. an explanation of why the project should be continued, including support from
26 the project's most recent status report;

1 C. a list and explanation of all project modifications since the commissioner's most
2 recent approval; and

3 D. an estimate of the cost per kilowatt (\$/kW) and cost per kilowatt hour (\$/kWh)
4 for electric utility projects, and the cost per 1,000 cubic feet (\$/Mcf) for gas utility
5 projects.

6 **7690.0800 SERVICE LISTS AND NOTICE.**

7 Subpart 1. **Service lists.** The department shall establish service lists for specific
8 utilities to use in providing public notice of conservation improvement programs. The
9 list must include the Public Utilities Commission, the Residential and Small Business
10 Utilities Division of the Office of the Attorney General, persons involved in the public
11 utility's previous conservation improvement program, persons who participated in the
12 public utility's last general rate case with respect to conservation programs, and other
13 persons the department believes are interested in the public utility's next conservation
14 improvement program. The department shall maintain an updated service list.

15 Subp. 2. **Notice of filing.** At the time it files its conservation improvement program,
16 program change proposal, or alternative proposal with the department, the public
17 utility or interested party must provide written notice of its filing to persons on the
18 utility's service list established under subpart 1. The notice must state that a copy of the
19 utility's or interested party's filing is available for public inspection at the enumerated
20 business office locations of the utility and at the department's office. The notice must
21 also state that the utility or interested party will make a copy of the proposed program
22 available to interested persons upon request.

23 **7690.0900 COMMENT ON BIENNIAL CONSERVATION IMPROVEMENT**
24 **PROGRAM.**

25 The department shall allow 30 days for written comments on the public utility's
26 biennial conservation improvement program. The time period allowed for written

1 comments begins on the date that the department's finding of completion under part
2 7690.0500, subpart 3, is ~~mailed~~ issued. The department shall allow 15 days from the
3 filing of the comments for written reply comments. These comments and reply
4 comments must be filed with the Public Utilities Commission, the department, and the
5 utility to which they are addressed. The persons submitting the comments or responses
6 must provide them to any person, upon request.

7 **7690.1000 PROPOSED DECISION.**

8 Subpart 1. **Prepared by staff.** After reviewing the comments submitted under part
9 7690.0900, the department staff shall prepare a proposed decision approving,
10 disapproving, or modifying a program, project, or evaluation plan. The proposed
11 decision must be issued no later than 30 days after the reply comments described in part
12 7690.0900 are received due.

13 [For text of subp 2, see M.R.]

14 Subp. 3. **Comment period.** The department shall allow 15 days from the date of
15 ~~service of~~ the proposed decision is issued for written comments on the proposed
16 decision.

17 **7690.1100 RESPONSES; WRITTEN RECORD.**

18 The department may require written responses to comments, oral argument,
19 negotiations, settlement conferences, formal hearing, or other procedures it considers
20 necessary or helpful to enable it to review, analyze, and select appropriate programs
21 under Minnesota Statutes, section 216B.241. Written papers or summaries of oral
22 meetings for each proceeding filed with the department must also be served upon the
23 parties on the service list and become part of the record upon which the department will
24 decide the case.

25 **7690.1200 APPROVAL, DISAPPROVAL, OR MODIFICATION OF BIENNIAL**
26 **PROGRAM.**

7690.1200

1 Subpart 1. **Determination of reasonable investment.** The department shall determine
2 whether a proposed program or modified program will result in reasonable investments
3 in and expenditures for energy conservation improvements. In making this
4 determination, the commissioner shall consider the following information, which must
5 be included in a public utility's filing:

6 A. the program's compliance with statutory spending requirements, as specified in
7 Minnesota Statutes, section 216B.241, subdivision 1a, with each utility calculating the
8 required spending level by using the gross operating revenues in the year preceding the
9 calendar year in which the filing is submitted and by defining gross operating revenues
10 as:

11 (1) for electric utilities: the total Minnesota jurisdictional assessable operating
12 revenue as reported in each electric utility's Minnesota jurisdictional report on page
13 E-30, Sales and Degree Days Data, Total Sales to Ultimate Consumer, line (B) Total
14 Revenue Corresponding to Sales; or

15 (2) for gas utilities: the total Minnesota jurisdictional assessable operating
16 revenue as reported in each gas utility's Minnesota jurisdictional report on pages P-38
17 and P-39, Sales and Revenues (actual data), line (B) Total Revenues Corresponding to
18 Sales Volume;

19 B. the impact of the program or modified program on:

20 (1) peak demand; and

21 (2) energy consumption;

22 C. the cost effectiveness of the program or modified program, as calculated from
23 the utility, ratepayer, participant, and societal perspectives;

24 D. the total number of low-income and rental customers expected to be affected by
25 the program or modified program;

1 E. the total number of customers within a customer class expected to participate in
2 the program or modified program, expressed as a percentage of the total number of
3 customers within that customer class in a utility's service area;

4 F. the ~~diversity~~ of customer classes expected to participate in the program or
5 modified program; and

6 G. other facts and circumstances concerning a particular utility that are relevant to
7 determining the overall importance of the investment in energy conservation
8 improvements.

9 Subp. 2. **Approval.** On determining that the proposed program or modified program
10 will result in reasonable investments in and expenditures for energy conservation
11 improvements, the commissioner shall approve the proposed or modified program.

12 Subp. 3. **Disapproval and modification.** On determining that the proposed program
13 or modified program will not result in reasonable investments in and expenditures for
14 energy conservation improvements, the commissioner shall disapprove the proposed
15 program or modified program and require a program that will result in reasonable
16 investments in and expenditures for energy conservation improvements.

17 **7690.1300 DECISION.**

18 When the commissioner approves, disapproves, or modifies a program, project, or
19 evaluation plan, the commissioner shall set forth the reasons in a written decision
20 within 30 days from the date comments are due on the department staff's proposed
21 decision specified under part 7690.1000. The commissioner's decision must include
22 explicit participation, and energy-savings and demand-savings goals for each utility as
23 applicable. If the commissioner's decision will not be issued within this 30-day period,
24 the department shall notify the parties on the service list specified in part 7690.0800 of
25 the date by which a decision will be issued.

26 **7690.1400 PROPOSED CHANGES TO EXISTING PROJECT; SUPPLEMENTAL**
27 **PROCEDURES.**

7690.1400

1 Upon the commissioner's own motion or upon the motion of a utility or other person,
2 the commissioner may add a new project or modify, expand, or terminate an existing
3 conservation improvement program before the program's expiration date ~~by submitting~~
4 ~~a supplemental filing~~. The moving party must give notice of the motion to the parties on
5 the service list for the affected utility's conservation improvement program. A change
6 may be required to make a project more effective, to reach more participants, to reduce
7 unnecessary or ineffective expenditures, to expand, change, or reduce the geographic
8 area or target group that the project covers, or to change the time period during which
9 the project would be in effect. For a new project modification or an existing project
10 termination, whether by a utility or an interested party, the filing requirements and the
11 review and decision process are specified in part 7690.1430. For other program changes,
12 the department shall allow 15 days for written comments on the proposal. The time
13 period allowed for written comments begins on the date that the proposed change is
14 filed with the department ~~is served the proposed change~~. The department shall allow
15 ten days from the filing of the comments for written reply comments. These proposed
16 program changes, comments, and responses must be filed with the Public Utilities
17 Commission, the department, and interested parties on the utility's conservation
18 improvement service list. The commissioner shall issue a written decision, including the
19 commissioner's reasons for the decision, within 35 days from the date reply comments
20 are due. ~~The commissioner may allow some modification and expansion to a program~~
21 ~~without formal approval (e.g., a letter).~~

22 **7690.1430 NEW PROJECT PROPOSALS; TERMINATING EXISTING PROJECTS.**

23 Interested persons, including political subdivisions and nonprofit and community
24 organizations, may submit alternative projects for inclusion in a utility's conservation
25 improvement program at any time. In addition, a utility may submit a proposal for a
26 new project at times other than when the utility is required to submit its biennial
27 conservation improvement program. Utilities or interested persons also may submit

1 proposals to terminate an existing project. Proposals for alternative projects must follow
2 the requirements of part 7690.0500, except for part 7690.0500, subpart 2, item D. Utility
3 proposals for new projects must follow all the requirements of part 7690.0500. The party
4 submitting the alternative or new proposal shall provide a copy of the alternative or
5 new utility project proposal to any person, upon request. Department staff shall conduct
6 a completeness review of alternative or new utility project proposals, or existing project
7 termination proposals, in the time frame and manner specified in part 7690.0500,
8 subpart 3. The department shall allow 15 days for written comments on the alternative
9 or new utility project or existing project termination proposal. The time period allowed
10 for written comments begins on the date that the department's finding of completion
11 under part 7690.0500, subpart 3, is ~~mailed~~ issued. The department shall allow 15 days
12 from the filing of the comments for written reply comments. These alternative or new
13 utility project or existing project termination proposals, comments, and reply comments
14 must be provided to the Public Utilities Commission, the department, the utility to
15 which they are addressed, and other parties on the affected utility's conservation
16 improvement program service list.

17 The department staff's proposed decision must be issued no later than ten days after
18 the reply comments described in this part are ~~received~~ due. Written comments on the
19 proposed decision are due 15 days from the date the proposed decision is ~~served~~ issued.
20 The commissioner shall issue a written decision, including the commissioner's reasons
21 for the decision, within 30 days from the date comments are ~~received~~ due on the
22 department staff's proposed decision.

23 7690.1440 TIMELINES FOR DIFFERENT PROGRAM FILINGS.

24 Subpart 1. **Generally.** Parts 7690.0500 to ~~7690.1400~~ 7690.1430 specify the process for
25 the submission, review and approval, modification, or disapproval of various
26 conservation improvement program filings. To both facilitate understanding and to
27 serve as a reference guide, the timelines for completing the review and approval process

1 of the various filings is summarized in subparts 2 to 4. See parts 7690.0500 to 7690.1430
 2 for specific review and approval process requirements.

3 Subp. 2. **Biennial program filings.** The timelines for biennial conservation
 4 improvement program (CIP) filings are ~~as follows:~~ summarized in this subpart. See
 5 parts 7690.0500 to 7690.1430 for specific review and approval process requirements.

ACTION	DUE DATE
<u>Biennial Filing of biennial plan</u>	August 1, odd-numbered years for electric utilities July 1, even-numbered years for gas utilities
Notice of completion	10 calendar days after biennial CIP filing <u>is filed with</u> <u>department</u>
Comments on filing	30 calendar days after notice of completion <u>is issued</u>
Reply comments	15 calendar days after comments <u>are filed with</u> <u>department</u>
Proposed decision	30 calendar days after reply comments <u>are due</u>
Written comments	15 calendar days after proposed decision <u>is issued</u>
Commissioner decision	30 calendar days after written comments on proposed decision <u>are due</u>

34 Subp. 3. **New project proposals; terminating existing projects.** The timelines for a
 35 new project proposal and for terminating an existing project are ~~as follows:~~ summarized
 36 in this subpart. See parts 7690.0500 to 7690.1430 for specific review and approval
 37 process requirements.

1	ACTION	DUE DATE
2		
3	Filing of proposal	Anytime
4		
5	Notice of completion	10 calendar days after proposal
6		<u>received by is filed with</u>
7		department
8		
9	Written comments	15 calendar days after notice
10		of completion <u>is issued</u>
11		
12	Reply comments	15 calendar days after
13		written comments <u>are filed</u>
14		<u>with department</u>
15		
16	Proposed decision	10 calendar days after reply
17		comments are due
18		
19	Written comments	15 calendar days after proposed
20		decision <u>is issued</u>
21		
22	Commissioner decision	30 calendar days after comments
23		on proposed decision are due
24		

25 Subp. 4. **Modifying or expanding existing project.** The timelines for modifying or
 26 expanding an existing project are ~~as follows:~~ summarized in this subpart. See parts
 27 7690.0500 to 7690.1430 for specific review and approval process requirements.

28	ACTION	DUE DATE
29		
30	Filing of proposal	Anytime
31		
32	Written comments	15 calendar days after proposal
33		<u>received by is filed with</u>
34		department
35		
36	Reply comments	10 calendar days after
37		written comments <u>are filed</u>
38		<u>with department</u>
39		
40	Commissioner decision	35 days after reply comments

1 are due

2
3 **7690.1450 TIMELINE MODIFICATIONS.**

4 The commissioner shall modify the filing dates and other due dates in this chapter if
5 the commissioner finds that the person requesting the change has shown good cause for
6 the modification.

7 **7690.1500 PETITION TO COMMISSION.**

8 Petitions to the Public Utilities Commission to modify or revoke a department
9 decision to require a program are governed by Minnesota Statutes, section 216B.241,
10 subdivision 2, and any rules adopted under that statute by the Public Utilities
11 Commission.

12 **7690.1600 RULE VARIANCES.**

13 Subpart 1. **When granted.** The commissioner shall grant a variance to parts 7690.0100
14 to 7690.1500 when the commissioner determines that the following requirements are
15 met:

16 A. enforcement of the rule would impose an excessive burden upon the applicant
17 or others affected by the rule;

18 B. granting the variance would not adversely affect the public interest; and

19 C. granting the variance would not conflict with standards imposed by law.

20 Subp. 2. **Conditions.** A variance may be granted contingent upon compliance with
21 conditions imposed by the commissioner.

22 Subp. 3. **Duration.** Unless the commissioner orders otherwise, a variance
23 automatically expires in one year. It may be revoked sooner due to changes in
24 circumstances or due to failure to comply with requirements imposed as a condition of
25 receiving the variance. A notice of intent to revoke a variance will be sent to the party
26 holding the variance and others on the service list. A party will have ten days to
27 respond.

7690.1600

1 Subp. 4. **Notice and timelines.** A party requesting a rules variance must give notice
2 of the motion to the parties on the service list for the affected utility's conservation
3 improvement program. The request ~~should~~ must state the variance requested and how
4 the request meets the three requirements outlined in subpart 1. The timelines for
5 variance requests are the same as the timelines for proposed changes to an existing
6 project, as outlined in part 7690.1400 and summarized in part 7690.1440, subpart 4.

7 **REPEALER.** Minnesota Rules, parts 7690.0400; and 7690.0600, are repealed.