

CHAPTER 7825
PUBLIC UTILITIES COMMISSION
UTILITIES; FINANCIAL, REGULATORY MATTERS

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UNIFORM SYSTEM OF ACCOUNTS

7825.0200 DEFINITIONS APPLICABLE TO MINNESOTA UNIFORM SYSTEM OF ACCOUNTS.

Subpart 1. **Scope.** For the purpose of parts 7825.0200 to 7825.0400, the following definitions shall apply.

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Subp. 2. **Appropriate.** "Appropriate" refers to those accounts which apply to a gas utility if the utility is a gas utility; or to those accounts which apply to an electric utility if the utility is an electric utility.

Subp. 3. **FPC uniform system of accounts.** "FPC uniform system of accounts" means the Federal Power Commission uniform system of accounts for both gas and electric utilities and all Federal Power Commission orders, pronouncements, rules, and regulations changing or amending the FPC uniform system of accounts.

Subp. 4. **Public utility.** "Public utility" is defined in Minnesota Statutes, section 216B.02, subdivision 4, and shall also include municipally owned utilities.

Subp. 5. **REA.** "REA" means the Rural Electrification Administration of the United States Department of Agriculture.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.0300 PROCEDURE APPLICABLE TO MINNESOTA UNIFORM SYSTEM OF ACCOUNTS.

Subpart 1. **Criteria.** The following criteria shall apply to the Minnesota uniform system of accounts.

Subp. 2. **Clarification of standards.** All public utilities shall conform to the appropriate FPC uniform system of accounts with the following clarifications:

A. When appearing in the original FPC text the following terms shall be interpreted as stated below for the purpose of regulation under the Minnesota Public Utilities Act: commission or Federal Power Commission shall be interpreted as the Minnesota Public Utilities Commission; utility shall be interpreted as a Minnesota public utility.

B. Minnesota cooperative electric associations shall conform to the FPC uniform system of accounts as modified by REA Bulletin 181-1.

C. A Minnesota public utility, for reporting purposes, shall be classified as an A, B, C, or D utility based upon gross revenues of Minnesota utility operations.

D. All FPC orders, pronouncements, or changes affecting the FPC uniform system of accounts and all REA orders, pronouncements, or changes affecting the REA modifications to the FPC uniform system of accounts after January 1, 1975, shall be effective for accounting and reporting purposes on the effective date of the orders, pronouncements, or changes. However, the commission reserves the right to suspend such orders, pronouncements, or changes for Minnesota reporting purposes.

Subp. 3. **Utilities with annual gross operating revenues of less than \$25,000.** Public utilities with annual gross operating revenues of less than \$25,000, not required to conform to the FPC uniform system of accounts as modified by REA Bulletin 181-1, shall follow the appropriate FPC system of accounts for class C and D utilities.

Subp. 4. **Petition for exception to standards.** A public utility may petition the commission for approval of an exception to a provision of the system of accounts. Such exception shall be granted to the public utility for good cause shown.

Subp. 5. **Utilities with utility operations not in Minnesota.** Public utilities with utility operations not located in Minnesota shall maintain accounting records in such a manner that the accounting information for Minnesota utility operations can be separated from the accounting information of utility operations not located in Minnesota. Methods used in such separations of accounting information are subject to approval of the commission. The method of separation shall be submitted by petition to the commission for review and approval six months after the effective date of this part or in the first related proceeding of the public utility, whichever comes first. A utility or the department staff may petition for a change in an approved separation procedure for good cause shown.

Subp. 6. **Utilities engaged in other business.** Public utilities engaged directly or indirectly in any other business than that of the production, transmission, or furnishing of natural gas or electric service shall maintain separate records in accordance with the

appropriate FPC system of accounts or REA modifications to that system for such operations.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.0400 MINNESOTA UNIFORM SYSTEM OF ACCOUNTS; IMPLEMENTATION.

The following criteria apply to the implementation of the Minnesota uniform system of accounts.

Each public utility, not currently in compliance with the appropriate FPC uniform system of accounts, shall implement the appropriate FPC uniform system of accounts by January 1, 1977. If a municipal utility is unable to comply by January 1, 1977, with any of the provisions of this part, the municipal utility shall petition the commission within three months of the effective date of this part for an exception. The petition shall include the justification for noncompliance, the length of the desired extension of time, the plan for compliance, and any actions taken to date to implement the appropriate FPC uniform system of accounts.

Public utilities using account numbers which differ from the FPC account numbers shall submit to the Department of Commerce by November 1, 1976, three copies of such account numbers with the descriptive titles cross-referenced to the appropriate FPC account numbers. Such copies shall be accompanied by a statement from a responsible utility officer verifying that such accounts can be translated into the appropriate FPC accounts for reporting and auditing purposes. Subsequent changes to account numbers shall be submitted as they occur.

Statutory Authority: *MS s 216B.08; 216B.10; L 2001 ISP4 art 6 s 1*

DEPRECIATION CERTIFICATION

7825.0500 DEFINITIONS.

Subpart 1. **Accumulated provision for depreciation or depreciation reserve.** "Accumulated provision for depreciation" or "depreciation reserve" means the summation of charges for retirements, net salvage, and the annual provision for depreciation accrual(s) recorded by the utility under an approved method of depreciation accounting.

Subp. 2. **Amortization.** "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the probable service life of an asset or liability to which it applies, or over a period during which it is anticipated the benefit will be realized.

Subp. 3. **Annual provision for depreciation accrual.** "Annual provision for depreciation accrual" means the annual amount of depreciation charged to expenses and/or clearing accounts.

Subp. 4. **Cost of removal.** "Cost of removal" means the cost of demolishing, dismantling, removing, tearing down, or abandoning of physical assets, including the cost of transportation and handling incidental thereto.

Subp. 5. **Depletion.** "Depletion" means the reduction in available capacity incurred in connection with the exhaustion of natural resources in the course of their conversion into units of service.

Subp. 6. **Depreciation.** "Depreciation," as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources. For purposes of this

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chapter, references to depreciation will include amortization and depletion, unless otherwise stated.

Subp. 7. **Depreciation accounting.** "Depreciation accounting" means a system of accounting which aims to distribute cost or other basic value of tangible capital assets, less salvage, if any, over the estimated useful life of the unit, which may be a group of assets, in a systematic and rational manner. It is a process of allocation, not of valuation.

Subp. 8. **Net salvage.** "Net salvage" means salvage of property retired less the cost of removal.

Subp. 9. **Original cost.** "Original cost" means the cost of property to the person first devoting it to public service.

Subp. 10. **Probable service life.** "Probable service life" of a unit means that period of time extending from the date of its installation to the forecasted date when it will probably be retired from service.

Subp. 11. **Public utility.** "Public utility" means any electric or gas utility as defined in Minnesota Statutes, section 216B.02, subdivision 4, and also any municipally owned utility operating within the state of Minnesota and under the jurisdiction of the commission.

Subp. 12. **Salvage.** "Salvage" means the amount received for assets retired, less any expenses incurred in connection with the sale or in preparing the assets for sale; or if retained, the amount at which the materials recoverable is chargeable to materials and supplies, or other appropriate accounts.

Subp. 13. **Service value.** "Service value" means the difference between original cost and net salvage value of utility plant.

Subp. 14. **Straight-line method.** "Straight-line method" means the plan under which the original cost of an asset adjusted for net salvage is charged to operating expenses and/or to clearing accounts and credited to the accumulated provision for depreciation through equal annual charges over its probable service life.

Statutory Authority: *MS s 216B.08; 216B.11*

DEPRECIATION

7825.0600 DEPRECIATION CERTIFICATION.

Subpart 1. **Depreciation practices applicable to all utilities.** All electric and gas utilities shall maintain, and have available for inspection by the commission upon request, adequate accounts and records related to depreciation practices as defined herein. Each utility has the prime responsibility for proposing the depreciation rates and methods that will be used. The commission shall certify by order to the utility the depreciation rates and methods which it considers reasonable and proper. Any allocation or adjustment of the depreciation reserve will require specific justification and certification by the commission.

Either the utility may submit or the commission may request a petition for depreciation certification because of unusual circumstances or unique situations.

Subp. 2. **Class A and B utilities.** Class A and B utilities, as defined by the system of accounts, shall:

A. maintain continuing property records;

B. record depreciation accruals and reserves by functional group of plant accounts (e.g., distribution plant) or on an optional basis, by primary plant account (e.g., meters) for corporate ledger and balance sheet supporting schedule purposes;

C. retain data in sufficient detail to conduct depreciation certification studies for the purpose of determining depreciation accruals and reserves by primary plant account; and

D. review their depreciation rates annually to determine if they are still generally appropriate. Depreciation certification studies shall be made so that all primary accounts shall have been analyzed at least every five years.

Subp. 3. **Class C and D utilities.** Class C and D utilities shall:

A. record a composite depreciation accrual and a composite reserve for the utility plant for corporate ledger and balance sheet purposes;

B. retain data in sufficient detail to conduct depreciation certification studies for the purpose of determining depreciation accruals and reserves by functional group of plant accounts; and

C. review their depreciation rates annually to determine if they are still generally appropriate. Depreciation certification studies shall be made so that all functional groups of plant accounts have been analyzed at least every five years.

Subp. 4. **Option of rules.** Any utility may at its option follow the depreciation rules prescribed herein for a larger class of utilities.

Statutory Authority: *MS s 216B.08; 216B.11*

7825.0700 PETITION FOR DEPRECIATION CERTIFICATION.

Subpart 1. **Petition for depreciation certification.** Initially upon commission notification, and at least every five years thereafter, each public utility shall file a petition for depreciation certification and the following depreciation schedules (for each year since the last certification) in the form prescribed by the commission.

A. Plant in service (by primary account for classes A, B, C, and D): beginning and ending plant balances; additions and retirements; adjustments and transfers.

B. Analysis of depreciation reserve (based on depreciation studies by primary account for classes A and B; by functional group for classes C and D): beginning and ending reserve balances; depreciation accruals and plant retirements; cost of removal and gross salvage value; transfers, adjustments and other debits (credits).

C. Summary of annual depreciation accruals (based on depreciation studies by primary account for classes A and B; by functional group for classes C and D): plant balance; estimated net salvage; depreciation reserve; probable service life; depreciation accrual and rate.

Subp. 2. **Additional information on certification petition.** In addition, all utilities shall provide with the petition for depreciation certification:

A. A list of accounts upon which the utility has made studies of the estimates of service life and salvage, the dollar effects and the results of these studies, and the utility-recommended depreciation rates for the accounts.

B. A list of any major future additions or retirements to the plant accounts that the utility believes may have a material effect on the current certification results.

C. All utilities shall furnish any additional documentation necessary to support findings of the study.

Statutory Authority: *MS s 216B.08; 216B.11*

7825.0800 METHODS FOR DEPRECIATION CERTIFICATION STUDIES.

The commission prescribes the straight-line method for calculating depreciation, excluding depletion, accruals. Depletion costs should be allocated on the basis of the unit-of-production method. Any exceptions to these methods will require specific justification and certification by the commission. No specific methods are prescribed by the commission in estimating service lives and salvage values. The methods selected by each utility will be reviewed for appropriateness by the department staff as part of the utility's certification filing.

Statutory Authority: *MS s 216B.08; 216B.11*

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7825.0900 PETITION FOR CERTIFICATION PROCEDURE.

Utilities shall petition the commission for certification of depreciation rates and methods as prescribed by the commission's rules of practice for petitions. Prior to the initial certification of a utility's depreciation rates and methods, the depreciation rates and methods effective as of January 1, 1975, are to be used. Depreciation rates and methods, once certified by order, are binding on all future rate proceedings and will remain in effect until the next certification or until the commission shall determine otherwise. If a utility is unable to comply by January 1, 1977, with any of the provisions of parts 7825.0500 to 7825.0900, the utility shall petition the commission within three months of the effective date of parts 7825.0600 to 7825.0900 for a temporary exception. The petition shall include the justification for noncompliance, the duration of the desired exception, and the plan for compliance.

Statutory Authority: *MS s 216B.08; 216B.11*

CAPITAL STRUCTURE AND SECURITY ISSUANCE

7825.1000 DEFINITIONS FOR CAPITAL STRUCTURE APPROVAL.

Subpart 1. **Scope.** For the purpose of parts 7825.1000 to 7825.1500, the following definitions shall apply.

Subp. 2. **Capital structure.** "Capital structure" means the total capitalization of the public utility as defined in the Minnesota Public Utilities Act and including short-term securities.

Subp. 3. **Long-term security.** "Long-term security" is any security not meeting the definition of short-term security.

Subp. 4. **Public utility.** "Public utility" is as defined in Minnesota Statutes, section 216B.02, subdivision 4, but not including cooperative electric associations.

Subp. 5. **Security.** "Security" is as defined in Minnesota Statutes, section 216B.49, subdivision 1.

Subp. 6. **Short-term security.** "Short-term security" means any unsecured security with a date of maturity of no more than one year from the date of issuance; and containing no provisions for automatic renewal or "roll over" at the option of either the obligee or obligor.

Statutory Authority: *MS s 216B.08; 216B.49*

7825.1100 GENERAL PROCEDURE FOR CAPITAL STRUCTURE APPROVAL.

The following shall apply to all petitions for capital structure approval. Prior to the issuance of any security or securities, a public utility shall petition for and receive from the commission approval of its capital structure. Such approval shall be by formal written order.

Commission orders approving capital structure shall be effective for at least one year, unless otherwise stated; or until the petitioner requests modification or revision; or until the commission deems conditions affecting capital structure have changed sufficiently to warrant further review.

Statutory Authority: *MS s 216B.08; 216B.49*

7825.1200 CAPITAL STRUCTURE APPROVAL; LONG-TERM SECURITIES.

The following procedure shall apply to the issuance of long-term securities. A petition may include multiple issuance of securities, where upon review, the commission may approve the change in capital structure caused by such issuance in part or in total. Petitions for approval of capital structure shall contain the information described in parts 7825.1400 and 7825.1500.

Statutory Authority: *MS s 216B.08; 216B.49*

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7825.1300 CAPITAL STRUCTURE APPROVAL; SHORT-TERM SECURITIES.

The following procedure shall apply to the issuance of short-term securities.

Public utilities which are required to obtain approval from the commission for changes in capital structure caused by such issuance shall petition no later than 60 days prior to the proposed first issuance, unless good cause shown.

Such petitions shall contain the following information:

A. items A to K of part 7825.1400;

B. a descriptive summary of the assumptions made in the development of such statement of cash flow;

C. a statement of cash flow, by month showing the most recent available 21 months actual data and forecasted data to the end of the period encompassed by the petition. Such data shall be filed on forms prescribed by the commission.

Upon approval of capital structure, the petitioner may issue short-term securities at its discretion provided such petitioner remains within the limits and restrictions set forth in the commission's order.

Statutory Authority: *MS s 216B.08; 216B.49*

7825.1400 FILING REQUIREMENTS FOR CAPITAL STRUCTURE APPROVAL.

Petitions for approval of capital structure shall contain one original and three copies of the following data, either in the body of the petition or in exhibits attached thereto:

A. A descriptive title.

B. A table of contents.

C. The exact name of the petitioner and address of its principal business office.

D. Name, address, and telephone number of the person authorized to receive notices and communications with respect to the petition.

E. A verified statement by a responsible officer of the petitioner attesting to the accuracy and completeness of the enclosed information.

F. The purpose for which the securities are to be issued.

G. Copies of resolutions by the directors authorizing the petition for the issue or assumption of liability in respect to which the petition is made; and if approval of stockholders has been obtained, copies of the resolution of the stockholders shall be furnished.

H. A statement as to whether, at the time of filing of the petition, the petitioner knows of any person who is an "affiliated interest" within the meaning of Minnesota Statutes, section 216B.48, subdivision 1, who has received or is entitled to receive a fee for services in connection with the negotiations or consummation of the issuance of the securities, or for services in securing underwriters, sellers, or purchasers of the securities.

I. A signed copy of the opinion of counsel in respect to the legality of the issue or assumption of liability.

J. A balance sheet dated no earlier than six months prior to the date of the petition together with an income statement and statement of changes in financial position covering the 12 months then ended. When the petitions include long-term securities, such statements shall show the effects of the issuance on such balance sheet and income statement.

K. A description of the security or securities to be issued.

L. An estimate of the interest or dividend cost per \$100 principal amount, except in the case of common stock, and a description of any anticipated terms or indenture provisions.

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M. If the petitioner is a corporation, a copy of its current articles of incorporation certified by the secretary of state of incorporation. If the current articles have already been filed, the petitioner need only make specific reference to such filings.

N. The following information shall be attached as exhibits to the petition:

(1) the amount and kinds of stock authorized by articles of incorporation and amount outstanding;

(2) the terms of preference of preferred stock, whether cumulative or participating, or on dividends or assets, or otherwise;

(3) a brief description of each security agreement, mortgage, and deed of trust upon petitioner's property, showing date of execution, debtor, and secured party, mortgagor and mortgagee and trustor and beneficiary, amount of indebtedness authorized to be secured thereby, and amount of indebtedness actually secured, together with any sinking fund provision;

(4) the amount of bonds authorized and issued that exceed one percent of total debt giving the name of the public utility which issued same, describing each class separately, and giving the date of issue, par value, rate of interest, date of maturity, and how secured, together with the amount of interest paid thereon during the last fiscal year;

(5) each note outstanding with a maturity of more than one year and which exceeds one percent of total debt, giving the date of issue, the amount, the date of maturity, the rate of interest, in whose favor, together with the amount of interest paid thereon during the last fiscal year;

(6) other indebtedness with a maturity of more than one year, by class, together with the amount of interest paid thereon during the last fiscal year;

(7) the rate and amount of dividends paid during the five previous fiscal years.

O. A statement of the manner in which such securities will be issued; and if invitations for sealed written proposals (competitive bidding) are not anticipated, an explanation of the decision not to invite such proposals shall be submitted.

P. A copy of each plan, offer, or agreement for the reorganization or readjustment of indebtedness or capitalization or for the retirement or exchange of securities.

Q. If any of the above filing requirements are provided in petitions or applications to other regulatory agencies, then such petitions or applications, properly cross-referenced in item B, may be submitted in lieu of the specific filing requirements.

R. Such additional information that the staff or commission may require in a particular case.

S. If a filing requirement does not apply, it shall be so stated with an explanation why it does not apply.

Statutory Authority: *MS s 216B.08; 216B.49*

7825.1500 ADDITIONAL INFORMATION TO BE FILED.

Two copies of the following information shall be filed when or as available:

A. a copy of the final registration statement, if any, and financial exhibits made a part thereof, filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933; and

B. if an invitation for sealed written public proposals for the purchase or underwriting of such securities has been made, a summary of the terms of the proposals received, including the name of each bidder or representative of a bidding group, the interest or dividend rate specified, where applicable, the price to be paid the issuer per unit or \$100 principal amount, the cost of money to the issuer, except in the case of common stock, the name of the successful bidder, and the successful bidder's

initial public offering price and the resulting yield to the public, except in the case of common stock.

Statutory Authority: *MS s 216B.08; 216B.49*

ACQUISITION OF PROPERTY

7825.1600 DEFINITIONS FOR APPROVAL TO ACQUIRE PROPERTY.

Subpart 1. **Scope.** For the purpose of parts 7825.1600 to 7825.1800, the following definitions shall apply.

Subp. 2. **Consolidation.** "Consolidation" means the combination of the assets and liabilities of a public utility with another public utility.

Subp. 3. **Consideration.** "Consideration" means anything of value given as an equivalent or a return for the property acquired.

Subp. 4. **Merger.** "Merger" means the acquisition of the assets or the assets and liabilities or the equity securities of a public utility by a public utility.

Subp. 5. **Party.** "Party" means all persons, partnerships, corporations, or other business entities or their representatives whose approval is necessary to consummate the transaction.

Subp. 6. **Public utility.** "Public utility" is as defined in Minnesota Statutes, section 216B.02, subdivision 4, but not including cooperative electric associations.

Subp. 7. **Transaction.** "Transaction" means the consummation of a transfer of property, of a merger, or of a consolidation.

Subp. 8. **Transfer of property.** "Transfer of property" means the sale or acquisition of an operating unit or system for a consideration valued at greater than \$100,000; or if a rental or lease, for consideration greater than \$100,000 over the life of the rental or lease.

Statutory Authority: *MS s 216B.08; 216B.50*

7825.1700 PROCEDURE FOR APPROVAL TO ACQUIRE PROPERTY.

A public utility, prior to entering into a transaction, shall petition for and receive from the commission by formal written order approval for such transaction. A petition for approval of capital structure (parts 7825.1000 to 7825.1500) shall be filed concurrently with the petition for approval of transfer, merger, or consolidation if consideration for such a transaction is a security or securities as defined in part 7825.1000. The commission may require an independent valuation of the property involved in the transaction.

Statutory Authority: *MS s 216B.08; 216B.50*

7825.1800 FILING REQUIREMENTS FOR PETITIONS TO ACQUIRE PROPERTY.

Petitions for approval to acquire property shall contain one original and three copies of the following information, either in the petition or as exhibits attached thereto:

A. Petitions for approval of a merger or of a consolidation shall be accompanied by the following: the petition signed by all parties; all information, for each public utility, as required in parts 7825.1400 and 7825.1500; the detailed reasons of the petitions and each party for entering into the proposed transaction, and all facts warranting the same; the full terms and conditions of the proposed merger or consolidation.

B. Petitions for approval of a transfer of property shall be accompanied by the following: all information as required in part 7825.1400, items A to J; the agreed upon purchase price and the terms for payment and other considerations.

C. A description of the property involved in the transaction including any franchises, permits, or operative rights, and the original cost of such property, individu-

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ally or by class, the depreciation and amortization reserves applicable to such property, individually or by class. If the original cost is unknown, an estimate shall be made of such cost. A detailed description of the method and all supporting documents used in such estimate shall be submitted.

D. Other pertinent facts or additional information that the commission may require.

Statutory Authority: *MS s 216B.08; 216B.50*

AFFILIATED INTERESTS

7825.1900 DEFINITIONS FOR REGULATION OF AFFILIATED INTERESTS.

Subpart 1. **Scope.** For the purpose of parts 7825.1900 to 7825.2300, the following definitions shall apply.

Subp. 2. **Affiliated interest.** "Affiliated interest" is as defined in Minnesota Statutes, section 216B.48, subdivision 1.

Subp. 3. **Agreement.** "Agreement" means a contract duly executed and legally binding on the public utility and the affiliated interest.

Subp. 4. **Contract, arrangement.** "Contract" or "arrangement" means a mutual obligation, written or unwritten, between a public utility and an affiliated interest.

Subp. 5. **Consideration.** "Consideration" means the value of the contract or agreement expressed in dollars.

Subp. 6. **Person.** "Person" means the beneficial owner of any voting securities or any person directly or indirectly in control of such voting securities. A person shall be considered to directly or indirectly in control of such voting securities including, but not limited to, voting securities owned or held by a relative or spouse or relative of the spouse residing in the home of such person; or voting securities owned or held by such person as a trustee, lessee, executor, or through any associate person controlling, controlled by, or under common control with such person in which such person owns five percent or more of the voting securities of a public utility.

Subp. 7. **Public utility.** "Public utility" is as defined in Minnesota Statutes, section 216B.02, subdivision 4, but not including a cooperative electric association.

Subp. 8. **Staff.** "Staff" means the staff of the Department of Commerce.

Subp. 9. **Voting security.** "Voting security" means any equity security or similar security with the power, presently exercisable, to vote for the election of directors; or any security presently convertible into such a security; or a warrant, option, or right, presently exercisable, to obtain such a security.

Statutory Authority: *MS s 216B.08; 216B.48*

History: *L 2001 ISP4 art 6 s 1*

7825.2000 PROCEDURE FOR REGULATION OF AFFILIATED INTEREST.

A corporation or person shall be deemed to be an affiliated interest:

A. if such corporation or person owns or controls or has the right to acquire through the exercise of presently exercisable options, warrants, or rights; or through the conversion of securities or otherwise, five percent or more of the voting securities of the public utility; where

B. the securities subject to such options, warrants, rights, or conversion privileges held by such corporation or person shall be deemed to be outstanding for the purpose of computing the percentage of outstanding voting securities owned or controlled by such corporation or person but shall not be deemed to be outstanding for the purpose of computing the percentage owned by any other corporation or person.

Statutory Authority: *MS s 216B.08; 216B.48*

7825.2100 [Repealed, 24 SR 645]

7825.2200 UTILITIES WITH AFFILIATED INTERESTS; FILING.

Each public utility shall file with the commission:

A. By April 1 of each year:

(1) A list of all corporations and persons which own or hold, directly or indirectly, five percent or more of the voting securities of the reporting public utility. Such list shall show the number of units of each class of voting securities held, the percent which the individual holding of each class is to the total outstanding of that class, and the state or incorporation of each corporation.

(2) A list of all corporations and persons which own or hold, directly or indirectly, five percent or more of the voting securities of any corporation in a chain of successive ownership of five percent or more of the voting securities of the reporting public utility. Such list shall show the number of units of each class of securities held, the percent which the individual holding of each class is to the total outstanding of that class, and the state of incorporation of each corporation.

(3) A list of all corporations five percent or more of whose voting securities are owned by any corporation or person owning five percent or more of the voting securities of the reporting public utility, or by any corporation or person in any chain of successive ownership, of each public utility, as defined in subitem (2). Such list should indicate the name of the affiliated corporation or person which owns five percent or more of the voting securities of each corporation listed.

(4) A list identifying all corporations operating a public utility or servicing organization furnishing management, supervisory, construction, engineering, accounting, financial, legal, and similar services to the reporting public utility, which have one or more officers or one or more directors in common with the reporting public utility; and every other organization which has directors in common with the public utility where the number of common directors is more than one-third of the total number of directors of the reporting public utility.

The above list should show for each corporation listed the names of the officers and directors which serve in common with the reporting public utility.

B. Petitions for approval of affiliated interest contracts or agreements accompanied by the following:

(1) a descriptive title of each contract or agreement;

(2) a copy of the contract or agreement, or modifications or revisions of an existing contract or agreement;

(3) a list and the past history of all contracts or agreements outstanding between the petitioner and affiliated interest, the consideration received by the affiliated interest for such contracts or agreements, and a verified summary of the relevant cost records pertaining to the same;

(4) a descriptive summary of the pertinent facts and reasons why such contract or agreement is in the public interest;

(5) competitive bidding:

(a) if invitations for sealed written public proposals for the furnishing of the service sought under the contract or agreement have been made, a summary of the terms of the proposals received, including the name of each bidder or representative of a bidding group; and as an exhibit to the petition, a copy of each proposal received;

(b) if invitations for sealed written proposals have not been made, an explanation of the decisions to that effect will be submitted.

C. Within 30 days of the effective date of this part, a list of all contracts and agreements between the reporting public utility and all affiliated interests which were in effect prior to January 1, 1975, and which have continued beyond that date. Such list shall contain:

(1) a descriptive title of each contract or agreement;

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(2) a copy of the contract or agreement and all amendments thereto;

(3) the date of the original contract, all amendments thereto, and the termination date;

(4) if the contract or agreement is unwritten, a descriptive summary providing the information in subitems (2) and (3); and

(5) the original or verified summary of the cost records and the amount of consideration received by the affiliated interest.

Statutory Authority: *MS s 216B.08; 216B.48*

7825.2300 RECORDS FOR REGULATING AFFILIATED INTERESTS.

Each public utility with contracts or agreements outstanding with affiliated interests, regardless of the amount of the consideration, shall maintain and provide the following records for inspection by the staff:

A. a copy of all contracts or agreements between the public utility and affiliated interests;

B. an accounting ledger and appropriate supporting documents for each contract or agreement showing by month: the consideration received by the affiliated interest; the relevant costs incurred by the affiliated interest in fulfilling the contract or agreement, and verified as to their accuracy and completeness by such affiliated interest; and the estimated percent and the amount of the contract or of the agreement completed and the method of determining such estimate.

Such records shall be available to the staff during normal business hours at the principal office of the public utility in this state.

Statutory Authority: *MS s 216B.08; 216B.48*

AUTOMATIC ADJUSTMENT OF CHARGES

7825.2390 PURPOSE.

The purpose of parts 7825.2390 to 7825.2920 is to enable regulated gas and electric utilities to adjust rates to reflect changes in the cost of energy delivered to customers from those costs authorized by the commission in the utility's most recent general rate case. Energy costs included in rate schedules are subject to evidentiary hearings in general rate cases filed by the utility. Proposed energy cost adjustments must be submitted to the Department of Commerce. Annual evaluations of energy cost adjustments are made by the Department of Commerce and others as provided for in parts 7825.2390 to 7825.2920.

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

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

History: *9 SR 1204; 14 SR 977; L 2001 ISP4 art 6 s 1*

7825.2400 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 7825.2390 to 7825.2920 have the meanings given them in this part.

Subp. 2. **Annual sales volume.** "Annual sales volume" is the sum of the Mcf, Ccf, or Btu of gas delivered during the most recent 12 months, for which actual data are available, preceding a change in the demand-delivered gas cost.

Subp. 3. **Annual demand volume.** "Annual demand volume" is the annual sales volume adjusted by an average percentage change in sales computed over the preceding three-year period, normalized for weather. Annual demand volume includes interruptible sales to the extent that demand cost is incurred to service interruptible customers.

Subp. 4. **Base electric cost.** "Base electric cost" is the cost of fuel consumed in the generation of electricity and the cost of purchased power in the base period expressed as a cost per kilowatt-hour sold.

Subp. 4a. **Base gas cost.** "Base gas cost" is the cost of purchased gas established in the base period and expressed as a cost per Mcf, Ccf, or Btu sold.

Subp. 5. **Base period.** "Base period" is the 12-month period during which the automatic adjustment of charges is set at zero.

Subp. 5a. **Btu.** "Btu" means British thermal unit.

Subp. 6. [Repealed, 14 SR 977]

Subp. 6a. **Ccf.** "Ccf" means 100 cubic feet.

Subp. 6b. **Commission.** "Commission" means the Public Utilities Commission.

Subp. 6c. **Commodity.** "Commodity" means the volume of gas delivered.

Subp. 6d. **Commodity-delivered gas cost.** "Commodity-delivered gas cost" is the portion of the cost of purchased gas charged a distributing gas utility for its gas supplies and supply-related services, as defined in subpart 12, that is a function of the volume of gas taken. It refers to the cost of purchased gas, including associated costs incurred to deliver the gas to the utility's distribution system.

Subp. 7. **Cost of energy purchased.** "Cost of energy purchased" is the cost of purchased power and net interchange defined by the Minnesota uniform system of accounts, class A and B electric utilities, account 555 and purchased under federally regulated wholesale rates for energy delivered through interstate facilities. All electric public utilities shall use this definition regardless of class.

Subp. 8. **Cost of fossil fuel.** "Cost of fossil fuel" is the current period withdrawals from account 151 as defined by the Minnesota uniform system of accounts, class A and B utilities. All electric public utilities shall use this definition regardless of class.

Subp. 9. **Cost of fuel consumed in the generation of electricity.** "Cost of fuel consumed in the generation of electricity" is the cost of fossil and nuclear fuel.

Subp. 10. **Cost of fuel consumed in manufacture of gas; peak shaving gas volumes.** "Cost of fuel consumed in the manufacture of gas" or "peak shaving gas volumes" is the withdrawals, during the heating season, from account 151 as defined by the Minnesota uniform system of accounts, class A and B gas utilities. All gas public utilities shall use this definition regardless of class.

Subp. 11. **Cost of nuclear fuel.** "Cost of nuclear fuel" is the current period charges and credits to account 518, of the Minnesota uniform system of accounts, class A and B electric utilities excluding any expenses for the cost of fossil fuel. All electric public utilities shall use this definition regardless of class.

Subp. 12. **Cost of purchased gas; incorporation by reference.** "Cost of purchased gas" is the cost of gas as defined by the Minnesota uniform system of accounts, class A and B gas utilities, including accounts 800, 801, 802, 803, 804, 804.1, 805, 805.1, 808.1, 809.1, 810, 854, and 858 for energy purchased, as provided by Code of Federal Regulations, title 18, part 201, as amended through April 1, 1988. These accounts are incorporated by reference. The cost of purchased gas also includes the normal and ordinary cost of injection and withdrawal of gas from storage at the time of withdrawal. All gas public utilities shall use this definition regardless of class.

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

Subp. 13a. **Demand.** "Demand" means the maximum daily volumes of gas that the utility has contracted with a supplier or transporter to receive.

Subp. 13b. **Demand-delivered gas cost.** "Demand-delivered gas cost" is the portion of the cost of purchased gas charged a distributing gas utility for its gas supplies and supply-related services, as defined in subpart 12, other than the commodity-delivered

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gas cost. It refers to the cost of purchased gas, including associated costs incurred to deliver the gas to the utility's distribution system.

Subp. 13c. **Department.** "Department" means the Department of Commerce.

Subp. 13d. **Design day.** "Design day" means a 24-hour-day period of the greatest possible gas requirement to meet firm customer needs.

Subp. 14. [Repealed, 14 SR 977]

Subp. 15. **Kilowatt-hour sales.** "Kilowatt-hour sales" is the kilowatt-hour delivered during the current or base period less interchange sales. This is the divisor used to obtain current period cost and base period cost per Kwh in part 7825.2600.

Subp. 15a. **Kwh.** "Kwh" means kilowatt-hour.

Subp. 15b. **Mcf.** "Mcf" means 1,000 cubic feet.

Subp. 16. **Prime interest rate.** "Prime interest rate" means the average of the daily prime lending rates offered to preferred customers at the largest bank in the ninth federal reserve district during the period. The largest bank is that bank with the greatest total outstanding deposits as of the end of the calendar year preceding the notice of change in rates.

Subp. 17. **Public utilities.** "Public utilities" is as defined by Minnesota Statutes, section 216B.02, subdivision 4.

Subp. 18. **Test year.** "Test year" is the period of 12 consecutive months used for evaluating a need for a change in rates.

Subp. 19. **Test year demand volume.** "Test year demand volume" is the amount of demand approved by the commission and occurring during the test year.

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

History: *9 SR 1204; 14 SR 977; L 2001 ISP4 art 6 s 1*

7825.2500 AUTOMATIC ADJUSTMENT OF CHARGES; TYPES.

The commission shall permit the filing of rate schedules containing provisions for the automatic adjustment of charges provided the provisions conform to parts 7825.2600 to 7825.2920. Parts 7825.2390 to 7825.2920 are applicable to all classes of public utilities.

Provisions for automatic adjustment of charges must encompass:

A. Changes in cost resulting from changes in the federally regulated wholesale rate for energy purchased and changes in the cost of fuel consumed in the generation of electricity. This provision is entitled electric energy adjustment.

B. Changes in cost resulting from changes in the commodity-delivered gas cost and demand-delivered gas cost for purchased gas and changes in the cost of fuel consumed in the manufacture of gas or peak shaving gas volumes. This provision is entitled purchased gas adjustment.

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

History: *9 SR 1204; 14 SR 977*

7825.2600 ELECTRIC ENERGY ADJUSTMENT.

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

The amount of the billing period adjustment to charges must be determined by extending kilowatt-hour sales in the billing period by an adjustment per Kwh. The adjustment per Kwh 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. **Adjustment per Kwh.** The adjustment per Kwh is the sum of the current period cost of energy purchased and cost of fuel consumed per Kwh less the base electric cost per Kwh. However, a utility that purchases at least 75 percent of its annual total Kwh sales may also separately add, upon commission approval, an additional

adjustment per Kwh equal to the difference between the purchased demand cost and the base electric cost of purchased demand. This purchased demand cost adjustment is to be computed annually for the previous year less the demand base electric cost per Kwh.

Subp. 3. When adjustments calculated, applied. The adjustment to charges must be made in the next complete billing period succeeding the determination of the adjustment per Kwh, provided the adjustment has been filed as defined by part 7825.2900. The adjustment factor must be calculated monthly. However, a self-billing utility may calculate the adjustment less frequently, upon commission approval but at least annually, and shall provide for a settlement procedure. The adjustment must be applied each month. The adjustment amount must be rounded such that the projected recovery is within two percent of the change in total cost.

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

History: *9 SR 1204; 14 SR 977*

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.

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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*

7825.2800 ANNUAL REPORTS; POLICIES AND ACTIONS.

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

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

History: *9 SR 1204; 14 SR 977*

7825.2810 ANNUAL REPORT; AUTOMATIC ADJUSTMENT CHARGES.

Subpart 1. Gas and electric utilities. By September 1 of each year, gas and electric utilities shall submit to the commission an annual reporting by month of automatic adjustment charges for each customer class for the previous year commencing July 1 and ending June 30. This report must include:

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

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

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

D. the total cost of fuel or gas delivered to customers including, for gas utilities, the cost of supply-related services;

E. the revenues collected from customers for energy delivered;

F. the amount of supplier refunds received as defined by part 7825.2700; and
G. the amount of refunds credited to customers.

Subp. 2. **Additional information from gas utilities.** In addition to the requirements in subpart 1, gas utilities are required to report:

A. purchased gas adjustment rule variances in effect or requested during the 12-month reporting period and reasons why those variances were necessary;

B. changes in demand contracted for during the reporting period and reasons for those revisions;

C. the level of customer-owned gas volumes delivered through the utility's distribution system under retail transportation tariffs during the reporting period; and

D. a brief explanation of deviations between gas cost recovery and actual gas cost during the reporting period.

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

History: *9 SR 1204; 14 SR 977*

7825.2820 ANNUAL AUDITOR'S REPORT.

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

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

History: *9 SR 1204*

7825.2830 ANNUAL FIVE-YEAR PROJECTION.

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

By September 1 of each year, each gas utility shall submit to the commission a brief statement of its opinion on the impact of market forces on gas costs for the coming year.

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

History: *9 SR 1204; 14 SR 977*

7825.2840 ANNUAL NOTICE OF REPORTS AVAILABILITY.

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

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

History: *9 SR 1204*

7825.2850 ANNUAL COMMISSION MEETING.

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

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

History: *9 SR 1204*

FILING FOR AUTOMATIC ADJUSTMENT OF CHARGES

7825.2900 FILING BY ELECTRIC UTILITIES.

Subpart 1. **Filing required.** When an electric utility changes its automatic adjustment of charges, the utility, before the effective date of the change, shall file:

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- A. a summary of the computation of the adjustment;
- B. an explanation of significant changes between the base cost and current cost quantified as to price, mix, thermal efficiency, and distribution loss; and
- C. a computation of standard cost for the current reporting period, if available. The standard cost for this computation may be either the planned or budgeted cost of fuel or simulation of the cost of fuel under normal operating and purchasing limits for the adjustment period or current period.

Subp. 2. [Repealed, 14 SR 977]

Subp. 3. [Repealed, 14 SR 977]

Subp. 4. [Repealed, 14 SR 977]

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

History: *14 SR 977*

7825.2910 FILING BY GAS UTILITIES.

Subpart 1. **Monthly reports.** Gas utilities shall submit monthly to the department purchased gas adjustment reports, which must include:

- A. a summary of adjustments that were implemented in the previous month and the computation of each adjustment;
- B. an explanation of significant changes between the base gas cost and current cost, quantified as to changes in price and source of gas;
- C. the estimated previous month's and year-to-date commodity-delivered gas cost by supplier;
- D. estimated gas volumes purchased from suppliers whose gas rates are not regulated by the Federal Energy Regulatory Commission; and
- E. estimated costs of gas purchased in item D expressed as a percentage of all commodity-delivered gas costs and demand-delivered gas costs.

The department shall summarize the monthly reports every three months and submit the summary to the commission for review.

Subp. 2. **Filing upon change in demand.** Gas utilities shall file for a change in demand to increase or decrease demand, to redistribute demand percentages among classes, or to exchange one form of demand for another. A filing must contain:

- A. a description of the factors contributing to the need for changing demand;
- B. the utility's design-day demand by customer class and the change in design-day demand, if any, necessitating the demand revision;
- C. a summary of the levels of winter versus summer usage for all customer classes; and
- D. a description of design-day gas supply from all sources under the new level, allocation, or form of demand.

Subp. 3. **Notice.** A gas utility shall provide notice to the intervenors in its previous two general rate cases of the availability of the change in demand filing when it submits the filing to the department.

Subp. 4. **True-up filing.** Gas utilities shall file and implement on September 1 of each year the true-up adjustment computed under part 7825.2700, subpart 7, for the previous year commencing July 1 and ending June 30.

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

History: *14 SR 977*

7825.2920 APPROVAL FOR AUTOMATIC ADJUSTMENT OF CHARGES.

Subpart 1. **Approval.** Automatic adjustment of charges filed under parts 7825.2900 and 7825.2910 are provisionally approved and may be placed into effect without commission action, but subject to the conditions in subparts 2 and 3.

Subp. 2. **Errors.** Errors made in adjustment must be refunded by check or credits to bills to the consumer in an amount not to exceed the amount of the error plus interest computed at the prime rate upon the order of the commission if (1) the order is served within 90 days after the receipt of the filing defined in part 7825.2900 or 7825.2910 or at the end of the next major rate proceeding, whichever is later, and (2) the amount of the error is greater than five percent of the corrected adjustment charge.

Subp. 3. **Commission action.** The commission, on complaint or on its own motion, and after appropriate investigation, notice, and hearing, may issue an order to fix at current levels, discontinue, or modify an automatic adjustment provision for an individual utility.

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

History: *14 SR 977*

7825.3000 [Repealed, 14 SR 977]

RATE CHANGES

7825.3100 DEFINITIONS FOR CHANGES IN RATES.

Subpart 1. **Scope.** For the purposes of parts 7825.3100 to 7825.3600 and parts 7825.3800 to 7825.4500, the following definitions shall apply.

Subp. 2. **Average.** "Average" means a 13-month average or a simple average of beginning and end of year data when data is not available to calculate a 13-month average.

Subp. 3. **Average prime interest rate.** "Average prime interest rate" means the average of the daily prime lending rates offered to preferred customers at the largest bank in the Ninth Federal Reserve District during the period the utility's proposed rates are suspended. The largest bank is that bank with the greatest total outstanding deposits as of the end of the calendar year preceding the notice of change in rates.

Subp. 4. **Capital structure.** "Capital structure" means the total capitalization of the public utility as defined in Minnesota Statutes, section 216B.49, subdivision 2, and including short-term securities.

Subp. 5. **Embedded cost.** "Embedded cost" of long-term debt or preferred stock means the average cost for all outstanding issues of debt or preferred stock at a given date.

Subp. 6. **General rate change.** "General rate change" means an overall change in rates for which the determination of the utility's gross revenue requirements is necessary in assessing the appropriateness of the change in rates.

Subp. 7. **Gross revenue conversion factor.** "Gross revenue conversion factor" means the incremental amount of gross revenue required to generate an additional dollar of operating income.

Subp. 8. **Jurisdictional.** "Jurisdictional" means the utility's total Minnesota operations.

Subp. 9. **Miscellaneous rate change.** "Miscellaneous rate change" means a change in any compensation, charge, fare, toll, tariff, rental or classification, demanded, observed, charged, or collected for any service and any rules, regulations, practices, or contracts affecting any such compensation, charge, fare, toll, rental, tariff, or classification for which a determination of the utility's gross revenue requirements is not necessary in determining the reasonableness of a proposed change in rates. Miscellaneous rate changes as used herein shall not include changes in amounts charged which the utility has effectuated pursuant to an existing automatic adjustment clause in accordance with the provisions of parts 7825.2400 to 7825.2920.

Subp. 10. **Most recent fiscal year.** "Most recent fiscal year" is the utility's prior fiscal year unless notice of a change in rates is filed with the commission within the last three months of the current fiscal year and at least nine months of historical data is

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available for presentation of current fiscal year financial information, in which case the most recent fiscal year is deemed to be the current fiscal year.

Subp. 11. **Projected change.** "Projected change" means the change from the normalized most recent fiscal year reflecting growth and known changed operating conditions from those existing in the most recent year.

Subp. 12. **Projected fiscal year.** "Projected fiscal year" is the fiscal year immediately following the most recent fiscal year.

Subp. 13. **Proposed.** "Proposed" means utility-proposed.

Subp. 14. **Rate.** "Rate" is as defined in Minnesota Statutes, section 216B.02, subdivision 5.

Subp. 15. **Rate base.** "Rate base" for the most recent fiscal year and the projected fiscal year shall be an original cost rate base.

Subp. 16. **Short-term debt.** "Short-term debt" means short-term security as defined in part 7825.1000.

Subp. 17. **Test year.** "Test year" is the 12-month period selected by the utility for the purpose of expressing its need for a change in rates.

Subp. 18. **Total utility.** "Total utility" when used to describe information requirements, means either: the combined jurisdictional and, if any, nonjurisdictional gas or electric operations of a utility, and excluding nonutility property; or the gas or electric operations of a utility's wholly owned subsidiary operating within Minnesota and excluding nonutility operations.

Subp. 19. **Utility.** "Utility" is defined as in Minnesota Statutes, section 216B.02, subdivision 4, and shall include the controlling corporation of any Minnesota public utility.

Subp. 20. **Weighted cost of capital.** "Weighted cost of capital" is the total cost of capital determined by weighting the cost of each component of the capital structure by the ratio of the capital represented by that component to total capital.

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

RATE CHANGE PROCEDURES

7825.3200 NOTICE OF CHANGE IN RATES.

A utility filing for a change in rates shall serve notice to the commission at least 90 days prior to the proposed effective date of the modified rates. Such notice shall include the items prescribed below for:

A. general rate changes:

- (1) proposal for change in rates as prescribed in part 7825.3500;
- (2) modified rates as prescribed in part 7825.3600;
- (3) expert opinions and supporting exhibits as prescribed in part 7825.3700;
- (4) informational requirements as prescribed in parts 7825.3800 to 7825.4400; and
- (5) statement indicating the method of insuring the payment of refunds as prescribed in part 7825.3300;

B. miscellaneous rate changes:

- (1) proposal for change in rates as prescribed by part 7825.3500;
- (2) substantiating documents and exhibits supporting the change requested;
- (3) modified rates as prescribed in part 7825.3600; and
- (4) statement indicating the method of insuring the payment of refunds as prescribed in part 7825.3300.

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

7825.3300 METHODS AND PROCEDURES FOR REFUNDING.

In the event that a hearing is ordered by the commission as a result of a change in rates and proposed rates are suspended, the commission shall allow the utility to place suspended rates into effect as to services to be rendered on or subsequent to the effective date of the change in rates, subject to refund of the increase in rates or part thereof determined to be unreasonable by the commission provided that the payment of refunds is insured under either of the following methods: file with the commission a bond, signed by an authorized official of the utility, in an amount and with sureties approved by the commission; or file with the commission an unqualified agreement, signed by an authorized official of the utility, to refund any portion of the increase in rates determined to be unreasonable together with interest thereon.

Any increase in rates or part thereof determined by the commission to be unreasonable shall be refunded to customers or credited to customers' accounts within 90 days from the effective date of the commission order and determined in a manner prescribed by the commission including interest at the average prime interest rate computed from the effective date of the proposed rates through the date of refund or credit.

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

7825.3400 PROCEDURES SUBSEQUENT TO NOTICE.

Any amended notice must be served at least 90 days prior to the proposed effective date of modified rates. If a notice or an amended notice is complete in all material respects as prescribed by parts 7825.3100 to 7825.4400, the commission shall follow the procedures outlined in the rules of practice, parts 7829.0100 to 7829.3200. Upon acceptance of the notice and the determination that a hearing must be conducted, but before the proposed effective date of the modified rate schedules, the commission may, by written directive, explaining the reasons therefor, signed by the authority of the commission, and served upon the utility, suspend the operation of the utility's modified rate schedules but not for a longer period than 90 days beyond the time when the modified rates would otherwise go into effect unless the commission finds that a longer time will be required, in which case the commission may further extend the period for not to exceed a total of nine months. Such directive must include authority for the utility to place suspended rates into effect, subject to refund, provided that the bond and sureties or that the agreement to refund as specified in part 7825.3300 is approved by the commission.

Statutory Authority: *MS s 216B.08; 216B.09; 216B.16*

History: *26 SR 1438*

7825.3500 PROPOSAL FOR CHANGE IN RATES.

The utility's proposal for a change in rates shall summarize the notice of change in rates and shall include the following information:

A. name, address, and telephone number of the utility without abbreviation and the name and address and telephone number of the attorney for the utility, if there be one;

B. date of filing and date modified rates are effective;

C. description and purpose of the change in rates requested;

D. effect of the change in rates expressed in gross revenue dollars and as a percentage of test year gross revenue; and

E. signature and title of utility officer authorizing the proposal.

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

7825.3600 MODIFIED RATES.

All proposed changes in rates shall be shown by filing revised or new pages to the rate book previously filed with the commission and by identifying those pages which were not changed. Each revised or new page of the rate book shall contain the

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information required for each page of the rate book and shall be in a format consistent with the currently filed rate book. In addition, each revised page shall contain the revision number and the page number of the revised page.

Statutory Authority: *MS s 216B.16*

7825.3700 EXPERT OPINIONS AND SUPPORTING EXHIBITS.

Expert opinions and supporting exhibits shall include written statements, in question and answer format, together with supporting exhibits of utility personnel and other expert witnesses as deemed appropriate by the utility in support of the proposal. At a minimum, expert opinions shall include a statement by the chief executive officer or other designated official in support of the proposal. Supporting exhibits may be the same as those prescribed by parts 7825.3800 to 7825.4400 or may make reference where appropriate to the information requirements prescribed by parts 7825.3800 to 7825.4400.

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

FINANCIAL INFORMATION

7825.3800 SCOPE.

The following information shall be supplied as a part of the utility's notice of a change in rates. Information requirements parts 7825.3900, 7825.4000, item A; 7825.4100, item A; 7825.4200, item A; and 7825.4300, items A and B as defined herein shall be supplied by all gas and electric utilities and all other information requirements prescribed by parts 7825.3800 to 7825.4400 shall be supplied where applicable to the utility. Illustrative forms for filing this information shall be available from the Minnesota Department of Commerce.

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

History: *L 2001 ISP4 art 6 s 1*

7825.3900 JURISDICTIONAL FINANCIAL SUMMARY SCHEDULE.

A jurisdictional financial summary schedule as required by part 7825.3800 shall be filed showing:

A. the proposed rate base, operating income, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the test year;

B. the actual unadjusted average rate base consisting of the same components as the proposed rate base, unadjusted operating income, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the most recent fiscal year; and

C. the projected unadjusted average rate base consisting of the same components as the proposed rate base, unadjusted operating income under present rates, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the projected fiscal year.

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

7825.4000 RATE BASE SCHEDULES.

The following rate base schedules as required by part 7825.3800 shall be filed:

A. A rate base summary schedule by major rate base component (e.g. plant in service, construction work in progress, and plant held for future use) showing the proposed rate base, the unadjusted average rate base for the most recent fiscal year and unadjusted average rate base for the projected fiscal year. The totals for this schedule shall agree with the rate base amounts included in the financial summary.

B. A comparison of total utility and Minnesota jurisdictional rate base amounts by detailed rate base component showing:

(1) total utility and the proposed jurisdictional rate base amounts for the test year including the adjustments, if any, used in determining the proposed rate base;

(2) the unadjusted average total utility and jurisdictional rate base amounts for the most recent fiscal year and the projected fiscal year.

C. Adjustment schedules, if any, showing the title, purpose, and description and the summary calculations of each adjustment used in determining the proposed jurisdictional rate base.

D. A summary by rate base component of the assumptions made and the approaches used in determining average unadjusted rate base for the projected fiscal year. Such assumptions and approaches shall be identified and quantified into two categories: known changes from the most recent fiscal year and projected changes.

E. For multijurisdictional utilities only, a summary by rate base component of the jurisdictional allocation factors used in allocating the total utility rate base amounts to the Minnesota jurisdiction. This summary shall be supported by a schedule showing for each allocation factor the total utility and jurisdictional statistics used in determining the proposed rate base and the Minnesota jurisdictional rate base for the most recent fiscal year and the projected fiscal year.

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

7825.4100 OPERATING INCOME SCHEDULES.

The following operating income schedules as required by part 7825.3800 shall be filed:

A. A summary schedule of jurisdictional operating income statements which reflect proposed test year operating income, and unadjusted jurisdictional operating income for the most recent fiscal year and the projected fiscal year calculated using present rates.

B. For multijurisdictional utilities only, a schedule showing the comparison of total utility and unadjusted jurisdictional operating income statement for the test year, for the most recent fiscal year and the projected fiscal year. In addition, the schedule shall provide the proposed adjustments, if any, to jurisdictional operating income for the test year together with the proposed operating income statement.

C. For investor-owned utilities only, a summary schedule showing the computation of total utility and allocated Minnesota jurisdictional federal and state income tax expense and deferred income taxes for the test year, the most recent fiscal year, and the projected fiscal year. This summary schedule shall be supported by a detailed schedule, showing the development of the combined federal and state income tax rates.

D. A summary schedule of adjustments, if any, to jurisdictional test year operating income and detailed schedules for each adjustment providing an adjustment title, purpose and description of the adjustment, and summary calculations.

E. A schedule summarizing the assumptions made and the approaches used in projecting each major element of operating income. Such assumptions and approaches shall be identified and quantified into two categories: known changes from the most recent fiscal year and projected changes.

F. For multijurisdictional utilities only, a schedule providing, by operating income element, the factor or factors used in allocating total utility operating income to Minnesota jurisdiction. This schedule shall be supported by a schedule which sets forth the statistics used in determining each jurisdictional allocation factor for the test year, the most recent fiscal year, and the projected fiscal year.

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

7825.4200 RATE OF RETURN COST OF CAPITAL SCHEDULES.

The following rate of return cost of capital schedules as required by part 7825.3800 shall be filed:

A. A rate of return cost of capital summary schedule showing the calculation of the weighted cost of capital using the proposed capital structure and the average

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capital structures for the most recent fiscal year and the projected fiscal year. This information shall be provided for the unconsolidated parent and subsidiary corporations, or for the consolidated parent corporation.

B. Supporting schedules showing the calculation of the embedded cost of long-term debt, if any, and the embedded cost of preferred stock, if any, at the end of the most recent fiscal year and the projected fiscal year.

C. Schedule showing average short-term securities for the proposed test year, most recent fiscal year, and the projected fiscal year.

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

7825.4300 RATE STRUCTURE AND DESIGN INFORMATION.

The following rate structure and design information as required by part 7825.3800 shall be filed:

A. A summary comparison of test year operating revenue under present and proposed rates by customer class of service showing the difference in revenue and the percentage change.

B. A detailed comparison of test year operating revenue under present and proposed rates by type of charge including minimum, demand, energy by block, gross receipts, automatic adjustments, and other charge categories within each rate schedule and within each customer class of service.

C. A cost-of-service study by customer class of service, by geographic area, or other categorization as deemed appropriate for the change in rates requested, showing revenues, costs, and profitability for each class of service, geographic area, or other appropriate category, identifying the procedures and underlying rationale for cost and revenue allocations. Such study is appropriate whenever the utility proposes a change in rates which results in a material change in its rate structure.

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

7825.4400 OTHER SUPPLEMENTAL INFORMATION.

The following supplemental information as required by part 7825.3800 shall be filed:

A. Annual report to stockholders or members including financial statements and statistical supplements for the most recent fiscal year. If a utility is not audited by an independent public accountant, unaudited financial statements will satisfy this filing requirement.

B. For investor-owned utilities only, a schedule showing the development of the gross revenue conversion factor.

C. For cooperatives only, REA Form 7, Financial and Statistical Report for the last month of the most recent fiscal year.

D. For cooperatives only, REA Form 7A, Annual Supplement to Financial and Statistical Report.

E. For REA cooperatives only, REA Form 325, Financial Forecast.

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

7825.4500 ADDITIONAL INFORMATION REQUESTS.

Upon review of a utility's notice of a change in rates or subsequent thereto, the commission may request a utility to provide additional information to supplement the information prescribed by parts 7825.3800 to 7825.4400 within a reasonable time as determined by the commission.

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

7825.4600 WAIVER.

The commission may waive any requirement contained in parts 7825.3100 to 7825.4400, upon written application, for good cause shown.

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

ANNUAL REPORTS**7825.4700 DEFINITIONS.**

Subpart 1. **Scope.** For the purpose of parts 7825.4700 to 7825.5400, the following definitions shall apply.

Subp. 2. **Commission.** "Commission" means the Minnesota Public Utilities Commission.

Subp. 3. **Federally regulated.** "Federally regulated" means the utility, excluding a municipally owned utility, which files an annual report, prescribed by the federal agency having ratemaking authority.

Subp. 4. **FPC.** "FPC" means the Federal Power Commission or its successor agency in the federal Department of Energy.

Subp. 5. **Public utility.** "Public utility" is defined in Minnesota Statutes, section 216B.02, subdivision 4, as amended by Laws of Minnesota 1978, chapter 795.

Subp. 6. **REA.** "REA" means the Rural Electrification Administration of the United States Department of Agriculture.

Subp. 7. **Minnesota regulated electric cooperative.** "Minnesota regulated electric cooperative" means a cooperative utility association which elects to have its rates and practices regulated by the commission, as provided in Laws of Minnesota 1978, chapter 795.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.4800 SCOPE.

Any public utility regulated under Minnesota Statutes, chapter 216B and subject to the provision of parts 7825.0200 to 7825.0400, Minnesota uniform system of accounts, is covered under the provisions of parts 7825.4700 to 7825.5400.

Each public utility shall file with the commission a completed annual report as hereinafter prescribed in parts 7825.4700 to 7825.5400 on or before May 1 of each year covering its operation for the preceding calendar year. In the event that a public utility has ceased operation through a merger or sale of any of its plant during the calendar year, each of the involved public utilities shall be responsible for filing an annual report with the commission which reflects the operations of the properties which were subject to such sale or merger.

Notwithstanding parts 7825.4700 to 7825.5400, the commission may require special report(s) concerning any matter under the jurisdiction of the commission.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.4900 FEDERALLY REGULATED ELECTRIC UTILITY; REPORT.

Each electric public utility subject to federal regulation shall file with the commission one copy of the prescribed federal agency or authority annual report form, FPC Annual Report Form No. 1 or 1F, certified by a company officer. Reports by an electric public utility which has multistate operations shall provide information concerning its Minnesota jurisdictional operations on the schedules listed below:

A. summary of utility plant in service and accumulated depreciation and amortization reserves by primary account;

B. summary of the depreciation accrual for the year;

C. materials and supplies;

D. accumulated deferred income taxes;

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- E. accumulated investment tax credit;
- F. statement of income for the year;
- G. operating revenues;
- H. operating and maintenance expenses; and
- I. taxes accrued, prepaid, and charged during year.

Statements shall be included setting forth the method or basis used in making allocations between jurisdictions.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.5000 FEDERALLY REGULATED GAS UTILITY; REPORT.

Each gas public utility subject to federal regulation shall file with the commission one copy of the prescribed federal agency or authority annual report form, FPC Annual Report Form No. 2 or 2A, certified by a company officer. Reports by a gas public utility which has multistate operations shall provide information concerning its Minnesota operations on the schedules listed below:

- A. summary of utility plant in service and accumulated depreciation and amortization reserves by primary account;
- B. summary of the depreciation accrual for the year;
- C. materials and supplies;
- D. accumulated deferred income taxes;
- E. accumulated investment tax credit;
- F. statement of income for the year;
- G. operating revenues;
- H. operating and maintenance expenses; and
- I. taxes accrued, prepaid, and charged during year.

Statements shall be included setting forth the method or basis used in making allocations between jurisdictions.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.5100 STATE-REGULATED ELECTRIC COOPERATIVE, REA CORPORATION OR ASSOCIATION; REPORT.

Each Minnesota-regulated electric cooperative subject to REA regulation shall file with the commission one copy of the prescribed REA annual report form, REA Form No. 7 and Form No. 7A, certified by a cooperative officer. Reports by an electric cooperative which has multistate operations shall provide information concerning its Minnesota operations on the schedules listed below:

- A. summary of utility plant in service and accumulated depreciation and amortization reserves by primary account;
- B. summary of the depreciation accrual for the year;
- C. materials and supplies;
- D. accumulated investment tax credits;
- E. statement of income for the year;
- F. operating revenues;
- G. operating and maintenance expenses; and
- H. taxes accrued, prepaid, and charged during year.

Statements shall be included setting forth the method or basis used in making allocations between jurisdictions.

Statutory Authority: *MS s 216B.08; 216B.10*

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7825.5200 STATE-REGULATED ELECTRIC COOPERATIVE, NON-REA CORPORATION OR ASSOCIATION; REPORT.

Each Minnesota-regulated electric cooperative not subject to REA regulation shall file with the commission one copy of the prescribed REA annual report form or the prescribed Minnesota annual report certified by a cooperative officer. Reports by an electric cooperative which has multistate operations shall provide information concerning its Minnesota operations on the schedules listed below:

- A. summary of utility plant in service and accumulated depreciation and amortization reserves by primary account;
- B. summary of the depreciation accrual for the year;
- C. materials and supplies;
- D. accumulated deferred income taxes;
- E. accumulated investment tax credit;
- F. statement of income for the year;
- G. operating revenues;
- H. operating and maintenance expenses; and
- I. taxes accrued, prepaid, and charged during year.

Statements shall be included setting forth the method or basis used in making allocation between jurisdictions.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.5300 NONFEDERALLY REGULATED PUBLIC UTILITY; REPORT.

Each electric or gas public utility not subject to federal regulation shall file with the commission one copy of the prescribed federal agency or authority annual report or the prescribed Minnesota annual report certified by a company officer. Reports by an electric or gas utility which has multistate operations shall provide information concerning its Minnesota operations on the schedules listed below:

- A. summary of utility plant in service and accumulated depreciation and amortization reserves by primary account;
- B. summary of the depreciation accrual for the year;
- C. materials and supplies;
- D. accumulated deferred income taxes;
- E. accumulated investment tax credit;
- F. statement of income for the year;
- G. operating revenues;
- H. operating and maintenance expenses;
- I. taxes accrued, prepaid, and charged during year; and
- J. operating revenues, firm and interruptible gas sales.

Statements shall be included setting forth the method or basis used in making allocations between jurisdictions.

Statutory Authority: *MS s 216B.08; 216B.10*

7825.5400 ADDITIONAL REPORTS.

In addition to the above mentioned reports, each public utility shall also include with its annual report filing, a copy of any financial, statistical, or operational reviews or reports which public utility would prepare for distribution to stockholders, bondholders, patrons, or the appropriate governing authority.

Statutory Authority: *MS s 216B.08; 216B.10*

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LOBBYING EXPENDITURES

7825.5500 DEFINITIONS APPLICABLE TO LOBBYING EXPENDITURES.

Subpart 1. **Scope.** For the purpose of parts 7825.5500 to 7825.5700, the following definitions shall apply.

Subp. 2. **Commission.** "Commission" means the Public Utilities Commission.

Subp. 3. **Lobbying expenditure.** "Lobbying expenditure" means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value made for the purpose of influencing legislation or administrative action or supporting the election of any candidate to office. Lobbying expenditures also include the pro rata portion of salaries of lobbyists which represents the portion of their duties related to lobbying. Lobbying expenditures do not include any expense properly allowable under FPC Account 928, regulatory commission expenses.

Subp. 4. **Lobbyist.** "Lobbyist" means any individual or association engaged for pay or other consideration or authorized by a public utility to spend money who spends more than five hours in any month or more than \$250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials. "Lobbyist" does not include any person engaged in formal rate cases before a regulatory body.

Subp. 5. **Public utility.** "Public utility" is defined in Minnesota Statutes, section 216B.02, subdivision 4 and shall also include municipally owned utilities.

Subp. 6. **Utility nonoperating expense.** "Utility nonoperating expense" means expenditures associated with activities other than those resulting from the regular activity of supplying energy and service to the consumer.

Subp. 7. **Utility operating expense.** "Utility operating expense" means expenditures associated with the direct or regular activity of supplying energy and service to the consumer.

Statutory Authority: *MS s 216B.08; 216B.10; 216B.12*

7825.5600 SCOPE.

Parts 7825.5500 to 7825.5700 apply to each public utility regulated under Minnesota Statutes, chapter 216B including each municipally owned utility. Each public utility shall maintain accounts and records relating to lobbying expenditures and make them available for inspection by the commission upon request.

Statutory Authority: *MS s 216B.08; 216B.10; 216B.12*

7825.5700 ACCOUNTING TREATMENT OF LOBBYING EXPENDITURES.

Each public utility shall cause subaccounts to be established for the sole purpose of recording lobbying expenditures. Lobbying expenditures for utility operating expense shall be charged to a subaccount of miscellaneous general expenses.

Lobbying expenditures for utility nonoperating expense shall be charged to a subaccount of other income deductions.

The above accounts shall be effective the first day of January of the year following the year in which this part becomes effective for any expenditures subsequent to that date.

Statutory Authority: *MS s 216B.08; 216B.10*