

7810.8615 TEST YEAR.

Subpart 1. **General requirement; test period defined.** A general rate change notice must include test year data used to establish proposed final rates for the test period. The telephone company shall submit testimony explaining why the test year is appropriate to the test period. The telephone company shall show whether it proposes a historical or projected test year.

For purposes of this part, "test period" means the period during which the rates based on the test year data are in effect.

Subp. 2. **Historical test year.** The proposed test year is a historical test year if the filed data include:

A. at least nine months of actual, historical jurisdictional test year data; and

B. a notice of the company's intention to update the data to 12 months of actual, historical jurisdictional test year data if less than 12 months of actual, historical jurisdictional data is provided.

The company shall file the data once and no later than 100 days after the original general rate change notice is filed.

Either an average or year-end rate base may be used. If a year-end rate base is selected, a year-end capital structure must be shown and the operating income statement must be adjusted to year-end levels. If an average rate base is selected, an average capital structure or a year-end capital structure may be shown.

Subp. 3. **Projected test year.** The proposed test year is a projected test year if the filed data include fewer than nine months of actual, historical jurisdictional data. A projected test year must start no later than the date the general rate change notice is filed.

For a projected test year, an average rate base and average capital structure must be used. An operating income statement must not be adjusted to a year-end level but may reflect known and measurable changes during the projected test year. The telephone company's average rate base and operating income statement for a projected test year must be based on the construction and operating budgets approved by the telephone company's officials, including approved changes, for the period encompassed by the projected test year.

Statutory Authority: *MS s 216A.05; 237.06; 237.07; 237.075; 237.10; 237.57 to 237.64*

History: *16 SR 2163*

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