

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 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*

Published Electronically: *January 20, 2005*