

SEMCO Energy's Proposed Interim Rate Relief for Gas Utilities

Rate Case Timing	2016						2017						2018					
	Jan				Jul		Jan				Jul		Jan				Jul	
1 Historic Year	[Timeline bar]																	
2 Audited Financials	[Timeline bar with diamond]																	
3 Prepare Rate Case	[Timeline bar]																	
4 12 Month Rate Case	[Timeline bar]																	
5 Self Implement - 6 Months	[Timeline bar with diamond]																	
6 10 Month Rate Case	[Timeline bar with diamond]																	
7 Heating Season	[Timeline bar]																	
8 Cooling Season	[Timeline bar]																	

For a gas utility, a majority of the revenue is earned during the winter months. The current law allowing for interim self-implemented rates after 6 months, typically January 1st, allows for a gas company to earn allowed rates for a portion of the winter period (Jan-Mar). Eliminating the 6 month option and changing the rate case term from 12 to 10 months has a significant negative impact to natural gas utilities. It essentially pushes recovery to the following heating season adding another year of regulatory lag. This change has a far less impact for electric companies, who earn more during the summer months.

SEMCO Energy requests consideration for timely recovery of investment and rate relief for natural gas utilities. One way to address concern is to add the language below to SB 437 (S-1):

CONCURRENTLY WITH A COMPLETE APPLICATION, OR AT ANY TIME AFTER FILING A COMPLETE APPLICATION, A GAS UTILITY SERVING FEWER THAN 1,000,000 CUSTOMERS MAY FILE A MOTION SEEKING PARTIAL AND IMMEDIATE RATE RELIEF. AFTER GIVEN NOTICE TO THE INTERESTED PARTIES WITHIN THE SERVICE AREA TO BE AFFECTED AND AFFORDING INTERESTED PARTIES A REASONABLE OPPORTUNITY TO PRESENT WRITTEN EVIDENCE AND WRITTEN ARGUMENTS RELEVANT TO THE MOTION SEEKING PARTIAL AND IMMEDIATE RATE RELIEF, THE COMMISSION SHALL MAKE A FINDING AND ENTER AN ORDER GRANTING OR DENYING PARTIAL AND IMMEDIATE RELIEF. SUCH ORDER SHALL BE ENTERED WITHIN 180 DAYS OF THE SUBMISSION OF THE MOTION SEEKING PARTIAL AND IMMEDIATE RATE RELIEF.