

The Commission met on **Thursday, December 21, 2006**, with Chair Koppendray and Commissioners Pugh and Reha present.

Comment [COMMENT1]: Minutes by Peter Brown. 10 motions were made.

TELECOMMUNICATIONS AGENDA

P-5331,6189/PA-05-621

In the Matter of Buzz Telecom Corporation and Business Options, Inc.'s Transfer of Customer Base P-6189/RV-05-1597

In the Matter of the Revocation of Buzz Telecom's Certificate of Authority

Commissioner Pugh moved that the Commission

1. immediately revoke the authority of Buzz Telecom Corporation and Business Options, Inc.;
2. order all telephone companies in Minnesota to disconnect any service to Buzz Telecom Corporation and Business Options, Inc.;
3. direct Buzz Telecom Corporation and Business Options, Inc. to cease and desist billing any new customers, from collecting for any service provided to prior customers, or disconnecting any customers unless they provide some verification to the OAG before offering service to those customers;
4. open a new docket to investigate whether UMCC is providing service in Minnesota; and .
5. request that Qwest inform the Commission if it receives information regarding UMCC providing service in Minnesota.

The motion passed, 3-0.

ENERGY AGENDA

E-132,257/SA-06-1061

In the Matter of the City of Kasson and People's Cooperative Services Joint Petition Requesting Approval of a Settlement Agreement and a Change in the Service Territory Boundary

Commissioner Pugh moved that the Commission approve the petition.

The motion passed, 3-0.

E-275,134/SA-06-1519

In the Matter of the City of Moorhead's Petition to Extend Its Service Area into the Area Presently Served by Red River Valley Cooperative Power Association under the Terms and Conditions of the Settlement Agreement in Docket No. E275,134/SA-02-1207

Commissioner Pugh moved that the Commission

1. approve the transfer of service territory for the area detailed in the current petition from the Cooperative to the City under the Agreement; and
2. change the service territory boundaries between the City and the Cooperative as described in the joint petition.

The motion passed, 3-0.

E-017/M-03-30

In the Matter of Otter Tail Power Company's Electric Fuel Clause True-up Mechanism Compliance Report

Commissioner Reha moved that the Commission approve the compliance report and the proposed true-up procedures.

The motion passed, 3-0.

E-017/M-06-1332

In the Matter of the Petition of Otter Tail Corporation d/b/a Otter Tail Power Company for Approval of an Electric Service Agreement with Enbridge

Commissioner Reha moved that the Commission approve the Electric Service Agreement between Otter Tail and Enbridge and approve the revisions to the Large General Service Rider on a three-year basis with the following modifications and requirements:

1. add the following language to Section 12 - Released Capacity in the ESA:

"This section may be revised upon mutual agreement between Otter Tail and Enbridge if MISO or its successor develops Demand Response or other capacity purchase programs."
2. require Otter Tail to report, as part of its annual automatic adjustment filing, the amount of incremental energy purchased by the customer under the LGS Rider, the retail rate paid by the customer, and the retail rate of the energy has SMEP been used to determine the retail rate paid by the customer;
3. state in the Order that the Commission may revise the LGS Rider if the results of its investigation of the Smart Metering Standard under the Federal Energy Policy Act of 2005 in E-999/CI-05-159 or information in Otter Tail rate cases or other relevant proceedings warrant such a change; and

4. require Otter Tail to make a compliance filing within 20 days of the date of the Order that incorporates the additional language into the ESA and any other modifications that the Commission makes to the ESA and/or LGS Rider.

The motion passed, 3-0.

E-002/GR-92-1185G-002/GR-92-1186

In the Matter of Northern States Power Company, a Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy Inc. Electric Incentive Compensation Refund - Request for Modification of Orders

Commissioner Pugh moved that the Commission modify its August 5, 2005 and September 8, 2006 Orders in Docket Nos. E-002/GR-92-1185 and G-002/GR-92-1186 to allow NSP to provide a separate electric incentive compensation refund beginning the first week of January 2007.

The motion passed, 3-0.

G-002/GR-06-1429

In the Matter of the Application of Northern States Power Company, a Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy Inc., for Authority to Increase Rates for Natural Gas Service in Minnesota

Commissioner Reha moved that the Commission

1. accept the filing as to form and substantial completeness as of November 9, 2006;
2. suspend the proposed final rates until the Commission's final determination in this matter;
3. request the ALJ's report on or before July 9, 2007;
4. identify issues requiring development as:
 - Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company?
 - Is the rate design proposed by the Company reasonable?
 - Are the Company's proposed capital structure and return on equity reasonable?
 - Xcel's sales forecast, its calculation methodology and the underlying assumptions and inputs used in that calculation;
 - Xcel's proposal for a residential revenue decoupling mechanism;
 - The Company's proposal for a residential low-income discount rate program; and
 - The treatment of costs to support service to electric generation customers in Xcel's class cost of service study and whether a stand alone tariff for electric generation service should be established.
5. set interim rates for service rendered on and after January 8, 2007;
6. approve an annual interim rate increase of \$15,900,000 (approximately 2.05% of retail

revenues, as filed);

7. approve with a finding of exigent circumstances the Company's request to not collect the amount of increase in interim rates from residential customers receiving service under the fixed monthly gas payment program for 2006-2007 and to absorb the resulting lost interim revenues;
8. approve with a finding of exigent circumstances the Company's request to not collect the amount of increase in interim rates from customers who have previously entered into a negotiated transportation service contract with Xcel and to absorb the resulting lost interim revenues;
9. approve Xcel's proposed apportionment of the interim rate increase and its proposed method for collecting the interim rate increase using a single, line-item interim rate adjustment;
10. require Xcel to modify the language in its NTS/economic bypass rider so that Xcel has the discretion but is not required to charge these customers for the interim rate increase depending on competitive circumstances;
11. require Xcel to include in its interim rate tariff filing revised sample customer bills that show the interim rate adjustment as this adjustment will appear on customer bills;
12. require Xcel to include language on the interim rate tariff sheets that explains that if the total amount of the rate increase approved at the end of this rate case is lower than the total amount of interim rates collected, Xcel will refund the difference with interest, and if the total amount of final rates are higher than the total amount of interim rates, Xcel will not charge customers for the difference;
13. require the following in the Notice and Order for Hearing:
 - This Order will be served on the Company, which shall mail copies of the Order to all municipalities, counties, and local governing bodies in its Minnesota service area.
 - Public Hearings shall be held in this matter at locations within the service area of the Company.
 - The Company shall give the following notices of the evidentiary and public hearings:
 - Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.
 - Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.

- Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which heading shall appear in bold face type no smaller than 30 points.
- The Company shall submit proposed notices for Commission approval prior to publication or service.

14. require the following in the Order Setting Interim Rate:

- order the Company to file with the Commission and the Department of Commerce interim rate tariff sheets and supporting documentation reflecting the decisions herein; the Company's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule;
- order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund; any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission; and
- order the Company to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, the Company shall certify this fact to the Commission; and

15. delegate authority to approve notices and bill inserts to the Commission's Executive Secretary for the duration of this proceeding.

The motion passed, 3-0.

G-002/MR-06-1578

In the Matter of the Petition of Northern States Power Company, a Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy Inc., for Approval of a New Base Gas Cost for Interim Rates

Commissioner Reha moved that the Commission

1. approve the proposed new base cost of gas as filed effective with the implementation of interim rates in Docket No. G-002/GR-06-1429;
2. require Xcel to update the commodity cost of gas to reflect current market data every two months starting January 2007 so the record in this case will include the necessary information should the Commission determine that the commodity cost of gas should be adjusted to reflect market conditions more current than October 6, 2006; the update would include, at a minimum, the NYMEX futures contract prices as of October 6, 2006, which were used for this base cost of gas filing and cumulatively the NYMEX contract futures for the first Friday of January, March, May and July 2007; the filing would be due no later than 10 days from that first Friday of the month; the first report would be due no later than January 16, 2007; and

3. direct the parties that if the sales forecast is revised then the related cost of gas adjustment should reflect the necessary adjustment to demand costs resulting from the new sales volume.

The motion passed, 3-0.

E-002/CN-06-154

In the Matter of the Application for Certificates of Need for Three 115 kV Transmission Lines in Southwestern Minnesota

Commissioner Pugh moved that the Commission vary Minn. Rules, part 7849.0200, subp. 5 to extend the period for Commission action on completeness of the application to ensure that the Commission has sufficient time to review the application, hold a meeting, and issue a written Order.

The motion was adopted, 3-0.

Not Docketed

In the Matter of the Annual Hearing for the Power Plant Siting Program

Commissioner Reha moved that the Commission vary Minn. Rules 4400.6050, subp.1 to allow the staff to schedule, notice and convene the annual public hearing for the Power Plant Siting Act in January 2007.

The motion passed, 3-0.

There being no further business before the Commission, the meeting was adjourned.

APPROVED BY THE COMMISSION: JANUARY 3, 2007

Burl W. Haar, Executive Secretary