

The Commission met on **Thursday, January 26, 2006**, with Chair Koppendrayer and Commissioners Nickolai, Pugh and Reha present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS

P-5448/RV-05-1600

In the Matter of the Revocation of the Certificate of Authority of Discount Network Services, Inc.

Commissioner Pugh moved to approve the revocation of the company's certificate of authority with conditions.

The motion passed 4-0.

P-442,5243,5934,5681,6287, 5656,5936,6144,5542,5981, 5720/C-05-1282

In the Matter of the Formal Complaint of the Minnesota Department of Commerce Against DeskTop Media, Granite Telecommunications, OrbitCom, New Access Communications, Choicetel Communications, Digital Telecommunications, Mainstreet Communications, Tekstar Communications, 702 Communications, Time Warner Telecom of Minnesota, and AT&T Communications of the Midwest, and Request for Commission Action.

In the Matter of the DOC's Formal Complaint and Request for Commission Action

Commissioner Koppendrayer moved to do the following:

1. accept the complaint as meeting the filing requirements.
2. assert jurisdiction over this matter.
3. find that there are reasonable grounds to investigate this matter.
4. serve the complaint on all named CLECs and AT&T, unless notified by a Department filing that a settlement has been reached with a company, and order the companies to file an answer to the complaint within 20 days of service date of the Commission order pursuant to Minn. Rules 7829.1800, subps. 2 and 4.
5. allow interested parties to submit initial comments within 30 days of the Commission's order pursuant to Minn. Rules 7829.1900, subps. 2, 4 and
6. allow interested parties that submitted initial comments to submit reply comments

within 10 days of the end of the initial comment period pursuant to Minn. Rules 7829.1900, subps. 3, 4 and 5.

7. dismiss the complaint as to named parties Mainstreet Communications and 702 Communications.

The motion passed 4-0.

E-017/M-04-2013

In the Matter of the Petition of Otter Tail Power for Approval of its Modified Standby Tariff and Distributed Generation Service Rider

Commissioner Nickolai moved to approve the filing of Otter Tail Power Company, a division of Otter Tail Corporation (OTP or the Company) as modified below.

1. Regarding the proposed Distributed Generation (DG) Rider, direct OTP to include instructions for finding the relevant process and technical documents¹ on the World Wide Web, and informing potential customers without internet access how to contact OTP regarding DG questions.
2. Regarding the DG Rider, SERVICES, Services from Company to Customer (page 2), direct OTP to substitute the State of Minnesota Interconnection Process for Distributed Generation Systems² for OTP's interconnection process for distributed generation systems, including modifying its proposed language as follows:

~~Company's interconnection process for distributed generation systems~~ *State of Minnesota Interconnection Process for Distributed Generation Systems.*

3. Regarding the DG Rider, AVAILABILITY (page 1), direct OTP to add new language as follows:

1. The distributed generation facility must be an operable, permanently installed or mobile generation facility serving the Customer receiving retail electric service at the same site.

¹ See *In the Matter of Establishing Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities under Minnesota Laws 2001, Chapter 212*, Docket No. E-999/CI-01-1023, ORDER ESTABLISHING STANDARDS (September 28, 2004).

² See *id.*

4. Regarding the DG Rider, SERVICES, Services from Customer to Company (page 3), direct OTP to modify the proposed language as follows:

If Customer offers to sell energy to the Company, then all such energy and/or capacity offered will be purchased by the Company under the rates, terms and conditions for such purchases as established by the Company under this tariff or under other mutually agreeable arrangement between the Company and the Customer.

5. Regarding the Standby Tariff, APPLICATION OF SCHEDULE (page 1), direct OTP to modify the proposed language as follows:

3. Enters into a contract ~~to sell output from the~~ for services related to its generator.

6. Regarding the DG Rider, SERVICES, Service charge (page 1), direct OTP to modify the proposed customer charge from \$12.34/month to \$11.57/month, which reflects the amount of additional customer account expense and customer service and informational expense that OTP incurs to serve a DG customer.

7. Regarding the DG Rider, SERVICES, Distribution Maintenance Charge (page 1), authorize OTP, when it installs additional distribution plant for a DG customer, to assess a charge to recover the additional operation and maintenance (O&M) costs related to such additional plant, with the understanding that OTP will adjust this charge as it acquires more information regarding the O&M costs of such plant. Direct the Department and OTP to calculate an appropriate estimate of this cost based on OTP's history with the relevant type of plant.

8. Regarding the DG Rider, SERVICES, From Customer to Company, Capacity/Energy (page 3), acknowledge that the "Day 2 Market" operations of the Midwest Independent Transmission System Operator, Inc. (MISO), may affect the calculation of the avoided cost used to compensate DG customers, possibly warranting periodic reconciliations.

9. Regarding the Standby Tariff, STANDBY RATE OPTIONS (page 2), affirm that OTP may calculate its rates using retail transmission charges rather than wholesale charges.

10. Regarding the Standby Tariff, ATTACHMENT NO. 1, DEFINITIONS AND USEFUL TERMS (page 5), direct OTP to modify its language as follows:

Non-Standby Service Customer is a customer that ... d) will take service from any of the Company's other approved tariffs. ~~In any Non-Standby Service situation~~ For Large General Service or Large General Service-Time of Use Customers, a Special Minimum Demand may apply and is subject to approval by the Minnesota Public Utilities Commission.

11. Regarding the Standby Tariff, ATTACHMENT NO. 1, DEFINITIONS AND USEFUL

TERMS (page 6), direct OTP to modify its language as follows:

Special Minimum Demand is a special demand calculation that the Company may use at its option for Large General Service or Large General Service-Time of Use Customers. The Company must obtain approval from the Minnesota Public Utilities Commission.

12. Regarding the Standby Tariff, STANDBY RATE OPTIONS, OPTION A: FIRM STANDBY (page 2), permit OTP to incorporate into its charge for firm standby service the generation capacity reserve costs that are bundled with transmission and distribution in the tariff.
13. Regarding the Standby Tariff, STANDBY RATE OPTIONS, OPTION B: NON- FIRM STANDBY (page 2), affirm OTP's charge for non-firm standby service to the extent that it excludes generation and transmission cost components which are contrary to the Commission's Standards.³
14. Regarding the Standby Tariff, STANDBY SERVICE, APPLICATION OF SCHEDULE, item 1 (page 2), direct OPT to modify its language as follows:

1. Requests to become a Standby Service Customer of the Company. Otherwise, the Company views the Customer as a Non-Standby Service Customer. For information about the different categories of Non-Standby Service Customers, including exemptions from Standby Service, please see Attachment No. 1-Definitions.

15. Regarding the Standby Tariff, STANDBY SERVICE, APPLICATION OF SCHEDULE, item 2 (page 2), direct OTP to modify its language as follows:

2. Utilizes Extended Parallel Generation Systems to meet all or a portion of electrical requirements, which is capable of greater than 60 kW. Customers with Extended Parallel Generation Systems used to meet all or a portion of electrical requirements that are capable of 60 kW or less are considered Non-Standby Service Customers and exempt from paying standby charges. Please see Attachment No. 1-Definitions for more information regarding Non-Standby Service Customers.

16. Regarding the Standby Tariff, ATTACHMENT NO. 1, DEFINITIONS AND USEFUL TERMS (page 5), direct OTP to modify its language as follows:

Non-Standby Service Customer is a customer that ... d) will take service from any of the Company's other approved base tariffs. Customer's with Extended Parallel Generation Systems used to meet all or a portion of electrical requirements that are capable of 60 kW or less are considered Non-Standby Service Customers and exempt from paying standby

³ *Id.*

charges. Standby Service for Customer's with Extended Parallel Generation Systems used to meet all or a portion of electrical requirements that are capable of 60 kW or less is available under the Customer's base rate. For more information regarding physical assurance customers, please see Physical Assurance Customers under Definitions.

17. Regarding the DG Rider, SERVICES, Distribution Payments (page 3), direct OTP to modify its language as follows:

If Company's study shows that there exists potential for distribution payments, Company shall, at its own expense, pursue further study to determine the distribution payment. ~~If the study is not part of the Company's normal distribution capacity study, then such a study shall be pursued with Customer's approval at Customer's expense.~~

18. Regarding the DG Rider, SERVICES, Services from Customer to Company, direct OTP to add the following language:

Line Loss Credits

If Customer makes a written request to the Company to provide a specific line loss study, at the Customer's expense regardless of the study's outcome, Customer may be eligible for additional line loss credits if the study supports such credits.

19. Regarding the DG Rider, SERVICES, Services from Customer to Company, Renewable Energy Credits (pages 3-4), direct OTP to modify its language as follows:

Customer who installs a renewable DG facility shall be paid (1) the Company's regular avoided cost and (2) for the transfer of the property rights to the Company of the renewable energy attributes (or renewable energy credits in the event of the development of a Commission-approved renewable energy tracking system) associated with the generation of renewable energy, a Renewable Resource Premium. ~~The Company will receive any renewable energy credits associated with Customer generated energy sold to the Company.~~ Any renewable energy ~~credits~~ attributes (or renewable energy credits in the event of the development of a Commission-approved renewable energy tracking system) associated with Customer generated energy used on site and not delivered to the Company will remain with the Customer who owns the generator. The Company has the option to negotiate with the Customer regarding purchases of the renewable energy attributes (or renewable energy credits in the event of the development of a Commission-approved renewable energy tracking system) associated with the Customer's on-site usage.

Also, direct OTP to provide appropriate definitions of "renewable attributes," "renewable energy credits," and "Renewable Resource Premium" consistent with any past Commission DG orders, and to conform the rest of its tariff language to reflect this new terminology.

20. Regarding the DG Rider, SERVICES, Capacity/Energy (page 3), direct OTP to modify its

language as follows:

Capacity and/or energy payments shall be based on ... the Company's avoided energy costs shall include consideration of the actual value to the Company of avoided costs associated with renewable energy credits or emission credits. Customer may receive either renewable credits or tradable emission credits but not both. Upon written request....

21. Regarding the DG Rider, SERVICES, Emission Payments (page 3), direct OTP to modify the language as follows:

Any emission payments...energy costs and shall equal the value of any revenues received by the Company from the emissions credit. Customer may receive either renewable credits or tradable emission credits but not both.

22. Direct OTP to report in 24 months on the number of DG customers meeting the exception of being 60 kW or less and the standby usage of these customers.

23. Direct OTP to provide annually –

- An updated energy payment schedule if different from the previous year;
- An updated capacity payment schedule if different from the previous year;
- An updated renewable resource credit schedule if different from the previous year;
- The average tradable emissions credit for the previous year; and
- A discussion of and support for any and all changes in the schedules.

24. Invite comments from parties to address the impact of FERC Order No. 2006, Final Rule (May 12, 2005) in Docket No. RM02-12-000 *In re Standardization of Small Generator Interconnection Agreements and Procedures* as it relates to the DG tariffs.

25. Direct OTP to file DG interconnection reports as required by Minnesota Statutes § 216B.1611, subdivision 4, no later than January 31 of each year for the Department to post on its site on the World Wide Web.

Commissioner Nickolai further moved to require OTP to file revised tariffs and riders complying with the Commission's modifications within 30 days of the date of the Commission's Order and allow parties 10 days to file comments on OTP's compliance filing.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: FEBRUARY 8, 2006

Burl W. Haar, Executive Secretary