

The Commission met on **Thursday, June 29, 2006**, with Chair Koppendrayer and Commissioners Johnson, Pugh, Nickolai, and Reha present.

**Comment [COMMENT1]:** Minutes by Peter Brown. 18 motions were made.

The following matters were taken up by the Commission.

## TELECOMMUNICATIONS

### **P-6353/RV-06-564**

#### **In the Matter of the Revocation of NorVergence, Inc.'s Certificate of Authority**

Commissioner Pugh moved that the Commission revoke NorVergence, Inc.'s Certificate of Authority.

The motion passed 5-0.

### **P-999/M-06-737**

#### **In the Matter of the Department of Commerce's Petition to Order Discontinuance of Service to Revoked Carriers and Carriers That Have Relinquished Their Authority**

Commissioner Nickolai moved that the Commission

1. order all local exchange and interexchange carriers to discontinue service arrangements enabling the identified carriers to provision intrastate telecommunications services to end use and wholesale customers after submitting and receiving DOC approval of a transition plan for any end use or wholesale customers;
2. order all local exchange and interexchange carriers with existing arrangements for the provision of services to the identified carriers to contact the Department in writing within 7 days of the date of this Order regarding the development of a transition plan for any end use or wholesale customers, including the provision of notice;
3. order all local exchange and interexchange carriers with existing arrangements for the provision of services to the identified carriers to formally discontinue and terminate arrangements enabling the identified carriers to provision intrastate telecommunications services to end use customers as of the effective date specified by the Department in its future written notice approving transition plan;
4. order all local exchange and interexchange carriers to not engage in any new service arrangements for the provision of services that enable the identified carriers to provide intrastate telecommunications service to end users or wholesale customers effective immediately, unless this Order is superceded by another Commission Order.

The motion passed 5-0.

**P-421,424/M-06-495**

**In the Matter of Qwest's Complaint Against Redwood County Telephone Company**

Commissioner Johnson moved that the Commission approve the Stipulation submitted by the parties and dismiss the application with prejudice.

The motion passed 5-0.

**P-5542/M-05-1439**

**In the Matter of the Petition of Tekstar Communications, Inc. to Expand its Eligible Telecommunications Carrier Status to Include the Alexandria Exchange**

Commissioner Nickolai moved that the Commission deny Tekstar's application without prejudice.

1. find that Tekstar has demonstrated that it has the intent and capability of providing and advertising the federally supported services throughout its proposed expanded service area, and that such designation is in the public interest; and
2. grant Tekstar's petition and designate Tekstar as an Eligible Telecommunications Carrier in the Alexandria exchange.

The motion passed 5-0.

**ENERGY**

Commissioner Nickolai moved that the Commission take action on several dockets as follows:

**E,G-002/D-06-227**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Annual Review of Remaining Lives for Electric and Gas Production and Gas Storage Facilities for 2006**

1. approve Xcel Energy's proposed service lives and salvage rates, resulting depreciation rates effective January 1, 2006;
2. find that the requirement to describe the differences between IRP planning periods and depreciation lives for electric production facilities and to prepare a schedule that explicitly shows the comparison has been met; and
3. require that future depreciation studies for production facilities continue to 1) describe how the service lives proposed relate to the planning periods in the IRP for each electric production facility, and 2) contain a schedule that shows the comparison.

**E-015/AI-06-156**

**In the Matter of Minnesota Power's Petition for Approval of an Administrative Services Agreement Between Allete, Inc. and its Subsidiary, Superior Water, Light and Power Company**

1. approve Minnesota Power's petition with the requirement that the Company demonstrate in future rate cases that the Services Agreement has not resulted in cross-subsidization by Minnesota Power's ratepayers of the activities of its affiliated companies.

**E-015/M-06-465**

**In the Matter of Minnesota Power's 2005 Conservation Improvement Program Consolidated Filing**

1. approve a 2005 year-end balance of \$0.00 for the Tracker1 Account;
2. approve a 2005 year-end balance of (\$952,075.44) for the Tracker 2 Account, which includes
  - \$3,605,420.85 in 2005 CIP expenditures;
  - \$6,450,213.94 in 2005 recovered through base rates;
  - \$618,907.62 in 2005 was the net cost of the Conservation Program Adjust Factor (CPA) (which includes the credit back to opt-out customers);
  - \$161,722 of carrying charges, and
  - \$510,906 of financial incentives (from 2004 CIP activity);
3. approve a 2006/2007 CPA factor of 0.12 percent starting on the first day of the calendar month following the Commission Order; and
4. approve a variance of Minn. Rules, Parts 7820.3500 and 7825.2600 to permit the Company to combine the CPA with the FCA on customer bills.

**E-017/M-06-533**

**In the Matter of Otter Tail Power Company's Demand-side Management Financial Incentive Project, Status Report on CIP Activities, Electric Utility Conservation Cost Recovery Filing, and Annual Filing to Update the CIP Rider**

1. approve Otter Tail Power Company's 2005 Tracker activity;
2. approve a financial performance incentive of \$473,903 for 2005;
3. approve a CIP Adjustment Rate of 0.75 percent beginning July 1, 2005 through June 30, 2006; and
4. approve the Company's request for variances to Minn. Rules, Parts 7820.3500 and 7825.2600.

**E-002/M-06-504**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of an Electric CIP Adjustment**

1. approve Xcel's Petition as revised in Attachment I of the Department of Commerce's May 26, 2006 Comments;
2. approve \$0.0008 per kWh as the CIP Adjustment rate starting August 2006;
3. require Xcel to submit a revised CIP Adjustment Rider Tariff sheet as a compliance filing;
4. require Xcel to submit a proposed customer notice (if not already provided in the record);
5. require Xcel to recalculate the 2005 DSM financial incentive subsequent to the Deputy Commissioner's decision in Docket No. E, G-002/CIP-04-820.13 and file that recalculation with the Commission.

The motion passed, 5-0.

**E,G-002/M-06-364**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of State Energy Policy Rate Riders and Compliance Filing**

Commissioner Pugh moved that the Commission

1. approve the compliance, as recommended by the Department; and
2. remind Xcel to file revised State Energy Policy tariff pages within 10 days of the Order, and that the next compliance filing is due on or before March 1, 2007.

The motion passed, 5-0.

**E-001/M-06-501**

**In the Matter of Interstate Power and Light's 2005 Electric Incentive PlanE-001/M-06-515  
In the Matter of Interstate Power and Light Company's Conservation Cost Recovery Adjustment**

Commissioner Reha moved that the Commission

1. approve \$2,329,518 in 2005 electric CIP expenditures
2. approve \$408,612 in 2005 carrying charges;
3. approve the booking of \$664,983 of financial incentives for IPL's 2005 activity;
4. approve a December 31, 2005 tracker balance of \$5,072,135;
5. approve a 2006-2007 CCRA of \$0.001 984 per kWh to be applied the first billing period

following the Commission's Order;

6. approve a variance of Minn. Rules, Parts 7820.3500 and 7825.2600 to permit the Company to combine the CPA with the FCA on customer bills; and
7. accept the Department's clarification that no adjustment is needed in the rate case calculation of the CIP test year balance.

The motion passed, 5-0.

**E-001/M-04-2041**

**In the Matter of the Petition of Interstate Power and Light for Approval of Riders to Standby and Supplementary Power and Distributed Generation Rider**

Commissioner Nickolai moved that the Commission approve the April 21, 2006, revised riders for distributed generation and standby service with the following modifications:

1. Distributed Generation Rider: modify the tariff to eliminate the trade secret information; explain in tariff that a customer can obtain the trade secret information from the company after signing a non-disclosure agreement;
2. Standby Rider Availability - Sheet No. 30: amend this section by eliminating the underlined wording: "Customer shall operate self-generation to avoid taking energy from Company other than under a schedule, and to avoid energy flow to Company." and add "Customer shall not generate and allow energy to flow onto the Company's distribution system unless it is separately metered or otherwise permitted in accordance with the Company's distributed generation tariff rider."
3. Standby Rider Availability - Sheet No. 30: amend last paragraph in section by eliminating the underlined wording: "Non-firm Standby Service is the electric service that IPL provides only to the extent that it has capacity not being used to meet the needs of firm-service customers at the moment."

The motion passed, 5-0.

**E,G-999/AA-05-1403**

**In the Matter of the Review of the 2005 Annual Automatic Adjustment of Charges for All Electric and Gas Utilities**

Commissioner Nickolai moved that the Commission

**Regarding Dakota Electric Association**

1. accept the fiscal year 2005 annual automatic adjustment reports as filed, revised, and/or supplemented by Dakota Electric Association as being in general compliance with Mimi. Rules 7825.239Q through 7825.2920;

**Regarding Interstate Power & Light - Electric**

2. accept the fiscal year 2005 annual automatic adjustment reports as filed, revised, and/or supplemented by Interstate Power and Light as being in general compliance with Mimi. Rules 7825.2390 through 7825.2920, conditioned on:

- (a) Commission resolution of the Department's investigation into MISO Day 2 cost recovery in Docket No. E-001/M-05-406;

**Regarding Minnesota Power**

3. accept the fiscal year 2005 annual automatic adjustment reports as filed, revised, and supplemented by Minnesota Power as being in general compliance with Minn. Rules 7825.2390 through 7825.2920, conditioned on:

- (a) Commission resolution of the Department's investigation into MISO Day 2 cost recovery, in Docket No. E-015/M-05-277;

**Regarding Otter Tail Power**

4. accept Otter Tail's fiscal year 2005 annual automatic adjustment reports, including Offer Tail's annual auditor's report, as filed, revised, and/or supplemented, conditioned on:

- (a) a finding in the pending investigation into the report to Offer Tail's ethics hotline, in Docket No. E-017/M-04-1751, that the issues in that docket are unrelated to Otter Tail's handling of its fuel clause in this docket, and

- (b) Commission resolution of the Department's investigation into Otter Tail's May and June 2005 fuel costs in Docket No. E-017/M-04-1751;

- (c) Commission resolution of the Department's investigation into MISO Day 2 cost recovery, in Docket No. E-017/M-05-284;

5. require Offer Tail to report in its next rate case on its options for delivery of fuel to its generation plants, as recommended by the Department of Commerce, in the Department's December 9, 2005 comments, in Docket No. E-017/AA-05-1228;

**Regarding Xcel Energy - Electric**

6. accept Xcel's fiscal year 2005 electric annual automatic adjustment reports, including Xcel's annual auditor's report, as filed, revised, and/or supplemented, conditioned on:

- (a) the Commission's resolution of the Department's investigation into Xcel Energy-Electric's Spring and Summer 2005 fuel costs in Docket No. E-002/AA-05-1247;

- (b) the Commission's resolution of the Department's investigation into MISO Day 2 cost recovery in Docket No. E-002/M-04-1970; and

**Regarding DEA, IPL, MP, OTP, and Xcel**

7. accept the compliance filings submitted with the fiscal year 2005 electric annual automatic adjustment reports as being in general compliance with Commission Orders.

The motion passed 5-0.

**E,G-999/AA-05-1403**

**In the Matter of the Review of the 2005 Annual Automatic Adjustment of Charges for All Electric and Gas Utilities**

Commissioner Johnson moved that the Commission

1. require all Minnesota energy utilities to show in their September 1, 2006 AAA (annual automatic adjustment of charges) reports whether they engaged in any NYMEX natural gas futures or options transactions during the class period of June 1, 1999 through December 31, 2002;
2. require all Minnesota energy utilities that engaged in NYMEX natural gas futures or options transactions during the class period to explain in their September 1, 2006 AAA reports whether they have filed, or will file by July 28, 2006, a proof of claim for a distribution from the settlement fund, or requested, and were granted, exclusions from the class; and
3. request the Department to provide in its review of the utilities' 2005-2006 AAA reports comments and recommendations on the utilities' showings in this matter and request any other interested party to submit comments at the same the Department submits its review.

The motion passed, 5-0.

**E,G-999/AA-05-1403**

**In the Matter of the Review of the 2005 Annual Automatic Adjustment of Charges for All Electric and Gas Utilities**

**G-008/AA-05-1423**

**In the Matter of the Review of the 2005 Annual Automatic Adjustment of Charges for All Electric and Gas Utilities (Northern Area)G-008/AA-05-1424**

**In the Matter of the Review of CenterPoint Energy, a Division of CenterPoint Energy Resources Corp., 2005 Annual Automatic Adjustment Reports and True-up Filings (Viking Area)**

Commissioner Nickolai moved that the Commission solicit comments regarding

1. whether the Commission should grant CenterPoint's request for a variance to Minn. Rules, Part 7825.2700, subp 7, including reference to any applicable rules and statutes; and
2. the scope of the audit and the names of possible independent auditors.

The motion passed, 5-0.

**E-017/M-03-970**

**In the Matter of the Petition of Otter Tail Power Company to Raise its Cost of Energy Adjustment Tariff to Accommodate Purchased Energy from Renewable Resources**

Commissioner Nickolai moved that the Commission

1. grant an extension of the recovery mechanism in place under the January 13, 2005, Order until a final Order is issued in this proceeding;
2. direct the Company to revise its tariff as appropriate;
3. direct Otter Tail Power to file the power purchase agreement (PPA) for approval in this proceeding within 30 days and request the Department and interested parties to make comments within normal time lines;
4. direct that specific REO eligibility determination be made when the resource plan proceeding, Docket No. E-017/RP-05-968, comes to the Commission; and
5. defer other determinations until this docket returns to Commission on REO eligibility and PPA approval.

The motion passed, 5-0.

**E-002/M-04-864**

**In the Matter of a Request by Xcel Energy for approval of a renewable energy purchase agreement with Velva Windfarm LLC**

Commissioner Nickolai moved that the Commission

1. find, contingent upon a demonstration by Xcel of the successful completion of the Midwest Independent System Operator (MISO) approval process for delivery of the generation to the Xcel energy system, that the wind energy generated by the Velva Windfarm project is Renewable Energy Objectives (REO) eligible;
2. allow Xcel to use its Fuel Clause Adjustment (FCA) to recover the full costs of the power purchase agreement (PPA) after July 1, 2006, and over the life of the contract; and
3. defer to Xcel's general rate case a decision on new language for the Company's Fuel Clause Rider (FCR).

The motion passed, 5-0.

**G-004/GR-04-1487**

**In the Matter of a Petition by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc. for Authority to Increase Natural Gas Rates in Minnesota**

Commissioner Nickolai moved that the Commission deny reconsideration, but correct ordering paragraph 6 of the Order the Commission issued in this docket on May 1, 2006, to state:

The Commission determines that the test year rate case expense of \$308,450 should be reduced by \$54,904 to reflect an allocation to the non-regulated activities. The remaining balance of \$253,546 should be amortized over 3 years.

The motion passed, 5-0.

**G-004/GR-04-1487**

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Commissioner Nickolai moved that the Commission deny reconsideration, but correct ordering paragraph 6 of the Order the Commission issued in this docket on May 1, 2006, to state:

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The motion passed, 5-0.

**ET2,E002/M-06-847**

**In the Matter of a Joint Petition to Transfer a Portion of the Air Lake-Empire 115 kV HVTL Route Permit in Farmington, Minnesota**

Commissioner Pugh moved that the Commission authorize the transfer from Great River Energy to Xcel Energy of the portion of the Route Permit consisting of the one-third mile segment of the Air Lake-Empire Project transmission line between the Vermillion River substation and Akin Road in Farmington, Minnesota, under the Transfer of Permit provisions of Minn. Rules, Part 4400.3850.

The motion passed. 5-0.

**P-5542/M-05-1439**

**In the Matter of the Petition of Tekstar Communications, Inc. to Expand its Eligible Telecommunications Carrier Status to Include the Alexandria Exchange**

Commissioner Nickolai moved that the Commission

1. rescind its earlier motion in this matter and
2. find that Tekstar has demonstrated that it has the intent and capability of providing and advertising the federally supported services throughout its proposed expanded service area, and that such designation is in the public interest; and
3. grant Tekstar's petition and designate Tekstar as an Eligible Telecommunications Carrier in the Alexandria exchange.

The motion passed 5-0.

**PL-5/PPL-05-2003**

**In the Matter of the Application of Minnesota Pipe Line Company for a Routing Permit for a Crude Oil Pipeline**

Commissioner Nickolai moved that the Commission

1. recognize the alignment modification proposals (B-1 through B-5) and forward them to the Administrative Law Judge (ALJ) in order to develop a record on them at the contested case hearing scheduled for Commission Docket No. PL-5/PPL-05-2003 and also recognize that no formal Commission action is required on the alignment modifications within the Minnesota Pipeline Company (MPL) proposed route for them to be considered at the contested case hearing.
2. accept for consideration at the contested case hearing the route segment proposals identified in C-1 in the Staples area in Wadena and Todd counties.
3. accept for consideration at the contested case hearing the route segment proposal identified in C-2 in the Belle Plaine area in Scott County; and
4. recognize alignment modification proposal B-6 and forward it to the ALJ in order to develop a record on it at the contested case hearing scheduled for Commission Docket No. PL-5/PPL-05-2003.

The motion passed, 5-0.

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

**APPROVED BY THE COMMISSION: JULY 19, 2006**

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**Burl W. Haar, Executive Secretary**