

The Commission met on **Thursday, December 7, 2006**, with Chair Koppendrayer and Commissioners Johnson, Nickolai, and Pugh present.

Comment [COMMENT1]: Minutes by Carol Casebolt. 7 motions were made.

The following matters were taken up by the Commission.

Block Motion

Commissioner Pugh moved that the Commission take action regarding two dockets as follows:

E-139,305/SA-06-1451

In the Matter of a Joint Petition by the South Central Electric Association and the City of St. James for Modification of Assigned Service Areas

- approve the Petition; and

E-304,145/SA-06-1291

In the Matter of a Joint Petition by Tri-County Electric Cooperative and the City of St. Charles for Approval of a Settlement Agreement and Change in Service Territory

- approve the Petition, with the requirement that the Parties notify the Commission and the Department if the Agreement ceases at a date other than May 15, 2033 by mutual agreement of the Parties.

The motion passed 4-0.

E-6556/CN-06-1428

In the Matter of the Application by High Prairie Wind Farm II, LLC for a Certificate of Need for a Large Wind-Energy Facility

Commissioner Koppendrayer moved that the Commission

1. approve the Company's exemption request;
2. accept the application as substantially complete; and
3. require a combined review process where practicable.

The motion passed 4-0.

PT-6556/WS-06-1520

In the Matter of the Site Permit Application for the High Prairie Wind Farm

Commissioner Nickolai moved that the Commission

1. accept the High Prairie Wind Farm II, LLC application for a site permit as complete;

2. appoint Department's Energy Facility Permitting staff Larry Hartman as the public advisor; and
3. make a preliminary determination that a draft site permit may be issued and approve the draft Site Permit for the High Prairie Wind Farm II, LLC for distribution and public comment.

The motion passed 4-0.

G-002/GP-05-1706 Northern States Power Company d/b/a Xcel Energy In the Matter of the Minor Alteration Request for the Highbridge Gas Pipeline Route Permit

PULLED FROM THE AGENDA

E-002/CN-04-1176

In the Matter of the Certificate of Need Application by Northern States Power Company d/b/a Xcel Energy and Dairyland Power Cooperative for a 115/161 kV Transmission Line Between the Chisago County Substation and the Minnesota Border at Taylors Falls

Commissioner Pugh moved that the Commission vary Minnesota Rules, part 7849.0200, subp. 5 to extend the period for Commission action on completeness of the application for an unspecified but reasonable period of time, with the understanding that the meeting to review completeness will be held as soon as practicable following receipt of the route permit application.

The motion passed 4-0.

G-001/M-06-934

In the Matter of a Request by Interstate Power and Light Company for Approval of a New Conservation Cost Recovery Adjustment

Commissioner Pugh moved that the Commission approve Interstate's *Amended Petition* with the following modifications:

- 1) approve Interstate's 1996 through 2005 CIP tracker accounts as modified in Department Attachment B to the Department's October 30, 2006 Comments in this docket;
- 2) approve a modified CCRA of \$0.0531 per dk for all customer classes;
- 3) allow Interstate to implement the modified CCRA as of the issue date of the *Order* in the present docket;
- 4) require Interstate to annually adjust the CCRA and to file the adjustment request with the DSM financial incentive and CIP tracker account balance;
- 5) require Interstate to use a deferred tax rate of 0.4137 in accordance with the Commission's February 29, 1996 Order in Docket No. G001/GR-95-406; and
- 6) require Interstate to submit, as a compliance filing within 10 days of the issue date of the Order

in the present docket, the relevant tariff sheets reflecting the Commission's determinations in the present docket.

The motion passed 4-0.

PL/6580/M-06-1063

In the Matter of a Petition from Greater Minnesota Transmission, LLC, a Wholly-Owned Subsidiary of Greater Minnesota Synergy, Inc. For Approval of a Firm Gas Transportation Agreement with Northern States Power Company d/b/a Xcel Energy

Commissioner Nickolai moved that the Commission approve this agreement as filed with an effective date of May 1, 2008.

The motion passed 4-0.

Block Motion

Commissioner Nickolai moved that the Commission take the actions set forth below:

G-022/GR-06-1148

In the Matter of the Application of Greater Minnesota Gas, Inc., a Wholly-Owned Subsidiary of Greater Minnesota Synergy, Inc., for Authority to Increase Rates for Natural Gas Service in the State of Minnesota

- (1) Accept this filing as being in proper form and substantially complete as of October 23, 2006 (the date of the original e-filing).
- (2) Suspend the proposed final rates until the Commission makes its final determination in this matter.
- (3) Refer the case to the Office of Administrative Hearings for contested case proceedings and request the report of the Administrative Law Judge within eight months of the date of the Commission's acceptance of this filing.
- (4) Request that parties address and develop a complete record (in testimony, at hearing, and if applicable, in their settlement documents) on the standard rate case issues and questions, i.e.:
 - (A) Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company?
 - (B) Is the rate design proposed by the Company reasonable? and
 - (C) Are the Company's proposed capital structure and return on equity reasonable?
- (5) Determine that the effective date of interim rates will be December 22, 2006.
- (6) Approve an interim rate increase of \$336,500 or 7.17% of retail revenues based on the

revised base cost of gas in Docket No. G-022/MR-06-1491.

- (7) Approve GMG's proposed apportionment of the interim rate increase, i.e. the interim rate increase will be implemented as a uniform 7.17% increase on all customer bills, the increase will be applied to each customer's total bill before the inclusion of the monthly purchased gas adjustment and sales taxes, the interim rate increase will be prorated to the effective date for service rendered on and after the effective date, and the interim increase will appear on the customer's bill as a separate, easily identifiable line item.
- (8) Require the Company to file an updated rate base summary that reflects the actual balances as of December 31, 2006. This filing should be made as soon as possible after the Company finishes closing its books for 2006.
- (9) Require the Company to update its financial schedules to correct any errors prior to the rate case coming before the Commission for a decision.
- (10) In the Notice and Order for Hearing, require the following:
 - (A) This Order will be served on the Company, which shall mail copies of the Order to all municipalities, counties, and local governing bodies (including townships) in its Minnesota service area.
 - (B) Public Hearings shall be held in this matter at locations within the service area of the Company.
 - (C) The Company shall give the following notices of the evidentiary and public hearings:
 - (1) 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.
 - (2) Written notice to the governing bodies of all municipalities, counties, and local governing bodies (including townships) 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.
 - (3) 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.
 - (D) The Company shall submit proposed notices for Commission approval prior to publication or service.
- (11) In the Order Setting Interim Rate require the following:

- (A) 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 a proposed notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
 - (B) 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.
 - (C) 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.
- (12) Delegate authority to approve notices and bill inserts to the Commission's Executive Secretary for the duration of this proceeding.

G-022/MR-06-1491

In the Matter of a Petition by Greater Minnesota Gas, Inc., a Wholly-Owned Subsidiary of Greater Minnesota Synergy, Inc. To Establish a New Base Cost of Gas to Coincide with the Implementation of Interim Rates

- Approve the modified proposed new base cost of gas as shown in Exhibit A of the staff briefing papers, effective with the implementation of interim rates in G-022/GR-06-1148.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: DECEMBER 20, 2006

Burl W. Haar, Executive Secretary