

The Commission met on **Thursday, February 23, 2006**, Chaired by Commissioner Reha with Commissioners Johnson and Pugh present.

**Comment [COMMENT1]:** Minutes by Carol Casebolt. 2 motions were made.

The following matters were taken up by the Commission.

**G-002/GP-05-1706**

**In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for a Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures Pursuant to Minnesota Rules Chapter 4415**

Commissioner Pugh moved that the Commission

1. adopt the proposed Findings of Fact and Conclusions;
2. grant a partial exemption from route pipeline selection procedures and
3. issue a Pipeline Routing Permit with the appropriate conditions contained in the Department staff's suggested Pipeline Routing Permit, as amended in the following respects:

1) The language of Section VII, D of the Department's proposed Pipeline Routing Permit filed February 15, 2006 is replaced with the following:

**D. ARCHAEOLOGICAL SURVEY**

The Permittee shall work with the State Historic Preservation Office (SHPO) at the Minnesota Historical Society and the State Archaeologist as early as possible in the planning process to determine whether an archaeological survey is recommended for any length of the proposed pipeline. The Permittee will contract with a qualified archaeologist to complete such surveys, and will submit the results to the Commission, the SHPO and the State Archaeologist. The SHPO and the State Archaeologist will make recommendations for the treatment of any significant archaeological sites which are identified. Any issues in the implementation of these recommendations will be resolved by the Commission in consultation with SHPO and the State Archaeologist. In addition, the Permittee shall mark and preserve any previously unrecorded archaeological sites that are found during construction and shall promptly notify the SHPO, the State Archaeologist, and the Commission of such discovery. The Permittee shall not excavate at such locations until so authorized by the Commission in consultation with the SHPO and the State Archaeologist. If human remains are encountered during construction, the Permittee shall immediately halt construction at that location and promptly notify local law enforcement authorities and the State Archaeologist. Construction at the human remains location shall not proceed until authorized by local law enforcement authorities or the State Archaeologist.

2) Permit Condition VII, E,2 is amended by striking the following language:

2. The Permittee shall obtain approval of the landowners for access to private property.

and replacing it with the following:

2. The Permittee shall not access private property without permission or other legal right.

The motion passed 3-0.

**E-001/GR-05-748**

**In the Matter of a Petition by Interstate Power and Light Company for Authority to Increase Electric Rates in Minnesota**

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

1. Approve the Offer of Settlement by Interstate Power and the Department of Commerce, but adopt the Settlement's secondary recommendation to increase the residential customer charge from \$4.92 to \$6.50 as recommended by the ALJ.
2. Include language in the final order indicating that the TRANSLink startup expenses granted recovery under the terms of the settlement could reasonably be viewed as prudently incurred for the benefit of ratepayers and that the decision to permit their recovery under the terms of a comprehensive settlement does not create a binding precedent for any future consideration of the issue.
3. Approve the proposed \$0.00269 per kWh Conservation Cost Recovery Charge (CCRC) included in base rates. Authorize the continuation of the Conservation Cost Recovery Adjustment (CCRA) of \$0.00097 per kWh until reviewed in an upcoming CCRA filing.
4. Require IPL to include costs related to MISO schedules 1, 2, 9, 11, and 18 in future analyses of MISO membership as agreed in the Settlement.
5. Adopt the recommendation and reasoning of the ALJ in approving the settlement, incorporating the following clarifications recommended by the Department in its exceptions to the ALJ's Report:
  - A. Clarify that the agreed-upon forecasting methodology used in the weather-normalization model was the Generalized Least Squares regression model developed by the Department's witness.
  - B. Clarify that the rate case expenses agreed upon in the settlement do not include costs outside the Commission's Order as characterized by the ALJ.
  - C. Clarify that the Department initially recommended disallowance of all incentive compensation (variable pay program), but agreed in the settlement to allow incentive payments if capped at 15 percent of individuals' base salaries.

- D. Clarify that changes to rates in this proceeding and in future rate cases should be consistent with the Commission's Order in Docket E-001/PA-05-1272 approving the sale of the Duane Arnold Energy Center.
6. Clarify that in its next rate case, Interstate shall follow the class-cost-of-service-study procedures offered on pages 20-21 of the Settlement.
7. Reword ALJ Finding # 30 to read as follows: "It was not affirmatively demonstrated that intraclass subsidies were appropriately addressed using LIHEAP data exclusively."
8. State that the final order in this docket shall include a set of financial summaries for Interstate that includes: a schedule showing the calculation of Interstate's authorized cost of capital, a rate base summary, an operating income statement summary, and a gross revenue deficiency calculation. Direct parties to work with Commission staff to prepare such schedules for inclusion in the Order, should modifications be necessary to reflect the Commission's final decision.
9. Require Interstate to make the following compliance filings within 30 days of the date of the final order in this docket:
- A. Revised schedules of rates and charges reflecting the revenue requirement and the rate design decisions herein, along with the proposed effective date for the revised rates and charges, and including the following information:
1. Breakdown of Total Operating Revenues by type.
  2. Schedules showing all billing determinants for the retail sales (and sale for resale) of electricity. These schedules shall include but not be limited to:
    - (a) Total revenue by customer class.
    - (b) Total number of customers, the customer charge and total customer charge revenue by customer class.
    - (c) For each customer class, the total number of energy and demand related billing units, the per unit energy and demand related cost of energy, and the total energy and demand related sales revenues.
- B. Proposed customer notices explaining the final rates, including the increases in the customer charge.
- C. A revised base cost of energy to be put into effect with final rates, supporting schedules, and revised fuel clause tariffs.
- D. A schedule detailing the CIP tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period

of interim rates, and the CIP tracker balance at the time final rates become effective.

- E. A proposal to make refunds of interim rates, pursuant to Minn. Stat. § 216B.16, subd. 1(b), including interest calculated at the average prime rate, to affected customers.

- 10. Authorize comments on all compliance filings within 15 days of the date they are filed.

The motion passed 3-0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: MARCH 8, 2006**

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**Burl W. Haar, Executive Secretary**