

The Commission met on **Thursday, May 25, 2006**, with Chair Koppendrayer and Commissioners Johnson, Nickolai, Pugh, and Reha present.

Comment [COMMENT1]: Minutes by Peter Brown. 8 motions were made.

The following matters were taken up by the Commission.

TELECOMMUNICATIONS

P-5827,4211M-06-313

In the Matter of a Commercial Agreement Between Qwest and New Edge

P-5934,4211M-06-324

In the Matter of a Commercial Agreement Between Qwest and Desktop

Commissioner Pugh moved that the Commission

1. make no motion regarding the substance of the agreements; and
2. approve the change to the Commission's procedure to say that a commercial agreement does not have to be filed with the Commission if:
 - (a) the commercial agreement is identical to a commercial agreement previously filed with the Commission;
 - (b) the previously filed initial filing of the commercial agreement with the Commission explicitly stated that future identical filings will not be filed, i.e., giving notice that the filing would be added to the list of agreements for which identical subsequent agreements do not have to be filed;
 - (c) neither the Commission nor Commission staff object that future identical filings of this agreement will not be filed;
 - (d) Qwest maintains a list on its website that contains the names of the CLECs and the effective dates for this agreement executed for Minnesota.

The motion was adopted, 5-0.

ENERGY

G-252/CI-04-452

In the Matter of the Appeal by the Hutchinson Utilities Commission of the Assessments of the Minnesota Department of Commerce and Public Utilities Commission for Direct Charges Related to the Periods 01/12/2005 to 06/28/2005 and 06/29/2005 to 12/27/2005

Commissioner Johnson moved that the Commission find that th Hutchinson Utilities Commission, in light of the Court of Appeals ruling, is not subject to Minn. Stat. § 216B.045, Subd. 6 in this case and is entitled to a refund of \$18,274.19 and \$7,404.97 by the State of Minnesota.

The motion passed, 5-0.

PT-6528/WS-06-91

In the Matter of a Site Permit for the High Prairie Wind Farm I, LLC 98.9 Megawatt Large Wind Energy Conversion System and Associated Facilities in Mower County, Minnesota

Commissioner Reha moved that the Commission

1. adopt the Findings of Fact and Conclusions and issue a Site Permit with the conditions proposed by the EFP staff to High Prairie Wind I, LLC for the 98.9 MW High Prairie Wind Farm in Mower County, Minnesota; and
2. issue the site permit issued which authorizes High Prairie Wind I, LLC to construct and operate a 98.9-megawatt large wind energy conversion system and associated facilities in Mower County, Minnesota, in accordance with the conditions contained in the site permit and in compliance with Minn. Stat. § 116C.694 and in Minn. Rules, Chapter 4401.

The motion passed, 5-0.

E-O16IMR-06-129

In the Matter of a Request by Northwestern Wisconsin Electric Company to Adjust Base Rates by Rolling in the Fuel Clause Adjustment

Commissioner Pugh moved that the Commission

1. approve the request and
2. require that updated tariff pages be filed within 15 days of the Commission Order.

The motion passed, 5-0.

E-015/M-05-1840

In the Matter of Minnesota Power's Petition for Approval of a Community-Based Energy Development Tariff

Commissioner Reha moved that the Commission

1. approve Minnesota Power's C-BED tariff as presented in Minnesota Power's reply comments and modified further as follows:
 - regarding the relationship between the C-BED owner and the landowner referenced

in Minn. Stat. 216B.1612, subd. 6, MP will put information about that on its website and specify in the C-BED tariff where on the website that information is available;

- the final tariff will include a minor modification of the terminology of the word Schedule; and
- the Company will file a report on C-BED activity annually, either as part of an REO report or an IRP report or, if neither is required that year, separately.

2. direct the Company to file a tariff consistent with that decision.

The motion passed, 5-0.

E-015/M-05-1678

In the Matter of the Minnesota Power Application for Approval of its Arrowhead Regional Emission Abatement Proposal

Commissioner Nickolai moved that the Commission approve Minnesota Power's (MP's) proposed AREA Plan and AREA Rider subject to the following conditions and reporting requirements:

- a. require MP to report its test of the Mobotec system for mercury reduction at Taconite Harbor Unit 2; require MP to submit compliance filings throughout AREA Plan implementation with information regarding:
 - (1) mercury, NO_x, SO₂ reductions achieved at Taconite Harbor and NO_x reductions achieved at Laskin; and
 - (2) any contingency plans undertaken, if necessary, and associated costs related to Mobotec mercury reductions and particulate matter mitigation at Taconite Harbor;
- b. allow any true-up to occur once all of the AREA Plan components are in-service or MP files its next general rate case, whichever is sooner; allow the Company to adjust for over or under recovery so long as costs remain at or below the cap;
- c. put the Company on notice that the cost caps may not be exceeded and require the Company to make a filing with the Commission to reassess the project in the event PM control technologies or other aspects of the project exceed the caps MP proposed for this project.

The motion passed, 5-0.

E-007,011/M-05-1676

In te Matter of the Sale of Aquila, Inc.'s Minnesota Assets to Minnesota Energy Resources

Corporation

Commissioner Reha moved that the Commission grant all the petitions to intervene.

The motion passed, 5-0.

Commissioner Nickolai moved that the Commission

1. grant the Petitioners a variance from Minn. Rule 7825.1400, subpart J, accept the fiscal year-end 2004 data as compliance with the rule, and find that the Petitioners have substantially complied with the filing requirements of Minn. Rule 7825.1800;
2. determine the sale of Aquila's Minnesota utility properties to Minnesota Energy Resources Corp as detailed in the Petition is consistent with the public interest under certain conditions and approve the Petition subject to one or more of the following conditions:
 - 1) recovery of any sale-related acquisition premium and transaction costs is denied, but recovery transition costs are not denied and may be sought in a future rate case;
 - 2) final accounting entries related to the Transaction must be filed within 20 days after the final determination of any purchase price adjustment..
 - 3) Minnesota Energy Resources Corp is put on notice that in its future general rate cases it must conform to the Commission's policies and procedures and filing requirements for allocation of costs for all WPSR's nonregulated activities as well as Service Guard and shall comply with accounting standards established by the Commission in its September 28, 1994 Order in Docket No. G,E999/CI-90-1008;
 - 4) Petitioners must file a proposed customer notice within 10 days of closing the Transaction for review by Commission Staff and the Department;
 - 5) Petitioners must file revised tariffs with the new company name(s) within 30 days of closing the Transaction and within 30 days of any name change in the future;
 - 6) MERC is required to report, in its 2006 demand entitlement filing, the measures taken to lower the reserve margin after the sale;
 - 7) MERC agrees to comply with the service quality standards, and reporting, established for Aquila, including standards Aquila agreed to on May 4, 2006, as reflected in the Commission's May 16, 2006 Order in Docket No. G-007,011/CI-02-1369;

- 8) MERC is responsible for ensuring that customer service quality meets the standards established by Minnesota Law and this Commission;
 - 9) Aquila, MERC, and the Department will work to establish baselines for the cost allocations appropriate for the next rate case; and
3. incorporate into the Order the Stipulation between Cornerstone, MERC, and Michigan Gas Utilities Corporation.

The motion passed, 5-0.

G-002/C-06-155

**In the Matter of a Formal Complaint Against Xcel Energy and Request for Investigation by
Linwood Township**

PULLED

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: JUNE 7, 2006

Burl W. Haar, Executive Secretary