

The Commission met on **Thursday, July 13, 2006**, with Chair Koppendraye, and Commissioners Johnson and Nickolai present.

**Comment [COMMENT1]:** Minutes by Marcia Johnson. 11 motions were made.

The following matters were taken up by the Commission:

### **TELECOMMUNICATIONS**

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

**In the Matter of the Department of Commerce's Formal Complaint and Request for Commission Action.**

Commissioner Nickolai moved that the Commission approve the stipulation and dismiss against AT&T with prejudice.

The motion passed, 3-0.

**G-011/M-05-1725**

**Petition for Approval of a Change in Demand Entitlement on its Viking Gas Transmission Pipeline System.**

Commissioner Johnson moved that the Commission:

1. Approve an overall demand entitlement level of 8,086 Mcf for the Viking System, as revised by the Department; and
2. Approve the Purchased Gas Adjustment recovery of the costs associated with the demand entitlement level for Peoples' Viking system, effective November 1, 2005.

The motion passed, 3-0.

**G-011/M-05-1726**

**Petition for Approval of a Continuation of Demand Entitlements on its Great Lakes Gas Transmission Pipeline System.**

Commissioner Johnson moved that the Commission:

1. Approve the proposed continuation of the approved overall demand entitlement level for the GLGT system, as filed by the Company; and
2. Approve the proposed continuation for the Purchased Gas Adjustment recovery of the costs associated with the demand entitlement levels for Peoples' GLGT system.

The motion passed, 3-0.

**G-007/M-05-1727**

**Petition for Approval of a Change in Demand Entitlement for its Combined Pipeline System.**

Commissioner Johnson moved that the Commission:

1. Approve NMU's proposed overall demand entitlement level, as filed by the Company;
2. Require NMU to defer any pipeline penalties which may result from Aquila's negative reserve margins in Zone D for review in the Company's fiscal year 2006 Annual Automatic Adjustment Report, due on September 1, 2006, and to not pass through the Company's Purchased Gas Adjustment (PGA) or true up any such penalties;
3. Approve the use of the proposed allocation factors of 5.67 percent for allocating winter demand costs and 3.89 percent for allocating non-winter demand costs to NMU's system customers; and
4. Approve the PGA recovery of costs associated with the Company's proposed demand entitlement level effective November 1, 2005.

The motion passed, 3-0.

**E-015/D-06-568**

**In the Matter of Minnesota Power's 2006 Remaining Life Depreciation Petition and Production Plant Depreciation Study.**

Commissioner Johnson moved that the Commission:

1. Require MP to provide, in the next RL petition, a schedule and narrative explaining the differences between the electric generation plant lives in its most recent resource plan and the electric generation plant lives in its remaining life depreciation petition;
2. Approve MP's requested service lives, salvage rates, and resulting depreciation rates as proposed;
3. Require MP to address the remaining life of M.L. Hibbard and Taconite Harbor Energy Center in its next annual depreciation filing;
4. Approve MP's inclusion of the Taconite Harbor generation facilities as a regulated asset used to serve native load customers; the overall estimated annual depreciation impact is an increase of \$2,961,595. This increase will be recognized by MP as an increase in depreciation expense for financial statement purposes beginning January 1, 2006, but it will not impact current rates.

The motion passed, 3-0.

**E-002/M-06-589**

**In the Matter of the Petition By Northern States Power Company d/b/a Xcel Energy for Renewal of Variances to the Fuel Clause Adjustment Rules.**

Commissioner Nickolai moved that the Commission:

1. Grant Xcel variances to Minnesota Rules 7825.2400 and 7825.2600 for one year or until the Commission takes other action pursuant to Xcel's Petition for MISO Day 2 cost recovery in Docket No. E-002/M-04-1970, whichever comes first, to:
  - a. Allow the monthly FCA to be based on the use of a month-ahead forecast on energy costs;
  - b. Allow the monthly FCA to be prorated based on the number of billing days in each cycle; and
  - c. Allow a monthly true-up of the differences between costs and recovery.
1. In its next forecasted FCA Compliance Report, Xcel shall:
  - a. Provide a calculation of what the monthly FCA would have been absent this change;
  - b. Provide a calculation of what the monthly FCA was under the pilot;
  - c. Describe how closely the FCA under the pilot program mirrors actual costs;
  - d. Discuss alternative true-up methods;
  - e. Include the Company's recommendations for the future of the pilot; and
  - f. Describe and explain the performance of the future of the pilot; and fossil fuel costs, purchased energy costs, nuclear fuel costs, system Mwh sales, net system costs, and MISO Day 2 costs.
2. In its monthly AA filings, Xcel shall:
  - a. Report whether MISO Day 2 costs are included in its forecasted costs, and
  - b. If so, report on the effect of MISO Day 2 costs on the forecast.
3. If Xcel's forecast deviates from actual fuel costs per kWh by 20 percent or more, Xcel shall report this issue in its monthly AA filing two months later.

The motion passed, 3-0.

**E-002/M-05-1648**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of the 2005 Review of Nuclear Plant Decommissioning**

Commissioner Nickolai moved that the Commission approve the proposed escrow agreement.

The motion passed, 3-0.

**G-011/M-05-1728**

**In the Matter of a Request by Aquila Networks - PNG for Approval of a Change in Demand Entitlements for its Customers Served by the Northern Natural Gas Pipeline System.**

Commissioner Nickolai moved that the Commission:

1. Approve the proposed overall demand entitlement level for the Northern system conditioned upon the Company reevaluating its design day methodology prior to its next filing to achieve consistent and reliable results;
2. Approve the use of the proposed allocation factors of 45.27 percent for allocating winter demand costs and 33.71 percent for allocating non-winter demand costs to Peoples' Northern system customers;
3. Approve the Purchased Gas Adjustment recovery of costs associated with the Company's proposed demand entitlement level effective November 1, 2005; and
4. Require Peoples to defer any pipeline penalties which may result from Aquila's negative reserve margin in Zone D for review in the Company's fiscal year 2006 Annual Automatic Adjustment Report due on September 1, 2006, and to not pass through the Company's Purchased Gas Adjustment or true up any such penalties.

The motion passe, 3-0.

**E-002/M-01-1479**

**In the Matter of Xcel Energy' s Petition for Approval of a Renewable Energy Rider**

Commissioner Nickolai moved that the Commission accept the Company's compliance filing, with the following conditions:

1. Xcel shall, in future annual compliance filings, fully address Ordering Paragraphs 5 and 6, from the Commission's September 29, 2005 Order in this docket. Xcel's plans for the timing and amount of resources to add shall be explicitly discussed, and the monthly projected kWh sales and generation for the forecast period (April 1 - March 30) shall be provided with and without new resources;
2. Xcel shall, in its next annual Windsource compliance filing, address the claim made by the Company in the 2006 annual report that power purchase prices for large and small wind projects are comparable over the term of the agreement; and
3. Xcel shall separate "wind kWh generated" from "paid curtailment" in the wholesale tracker report.

The motion passed, 3-0.

**E-017/M-05-1884**

**In the Matter of Otter Tail Power Company's Request for Approval of a Community-Based Energy Development (C-BED) Tariff**

Commissioner Nickolai moved that the Commission:

1. Approve the tariff as reflected in Otter Tail's Reply Comments and modified as set forth below:

The payment of the rate negotiated under this tariff includes payment for the property rights of all renewable attributes (or, in the event of the development of a Commission-approved renewable energy tracking system, the renewable energy credits) associated with the generation from the C-BED projects. That is, receipt of this payment constitutes a transfer of the property rights of all renewable attributes (or renewable credits) associated with the generation from the C-BED project to Company, unless otherwise agreed to by the qualifying owners of the project and Company.

2. Direct Otter Tail to provide the language of the statute and links to the tariff on its web site.

The motion passed, 3-0.

**E-001/M-05-1883**

**In the Matter of Interstate Power Company's Petition for Approval of a Community-Based Energy Development (C-BED) Tariff**

Commissioner Nickolai moved that the Commission accept the tariff as reflected in Interstate's June 6, 2006 comments with the following modifications:

1. Implement the C-Bed statute through a rider to the tariff;
2. Allocate the purchased power cost systemwide;
3. Company must file reporting requirements information annually, including biennial resource plan filing for alternate years; and
4. Require tracking and reporting of serious C-BED proposals rejected due to capacity constraints.

The motion passed, 3-0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: JULY 26, 2006**

**Burl W. Haar, Executive Secretary**