

The Commission met on **Thursday, August 18, 2005**, with Commissioners Johnson , Nickolai, and Pugh present.

Comment [COMMENT1]: Minutes by Peter Brown. 12 motions were made.

JOINT TELECOMMUNICATIONS AND ENERGY AGENDA

P-421/C-05-1209

In the Matter of the Complaint of Desktop Media, Inc. Against Qwest Corporation Regarding Disputed Charges

Commissioner Pugh moved that the Commission

1. find that the complaint lies within the Commission's jurisdiction and that there is a reasonable basis for investigation;
2. grant the temporary relief requested by Desktop: immediately enjoin Qwest from preventing Desktop from placing orders for service and requiring that Qwest continue to accept Desktop's orders pending the conclusion of this proceeding; and
3. refer the matter to the Office of Administrative Hearings for record development by an Administrative Law Judge, first attempting to mediate the matter and then proceeding to conduct a contested case proceeding if the mediation is unsuccessful.

The motion passed, 3-0.

E-249,147/SA-04-1991

In the Matter of the Application of the City of Hawley to Extend its Assigned Service Area into the Area Presently Assigned to Wild Rice Electric Cooperative, Inc.

E-231,134/SA-05-981

In the Matter of the Joint petition of Red River Valley Cooperative Power Association and the City of East Grand Forks for Modification of Assigned Service Areas

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

1. regarding Docket No. E-249,147/SA-04-1991 — having given notice to interested parties prior to the hearing on this matter, approve the parties' June 2, 2005 Agreement that sets out compensation for service rights not just to the parcel originally at issue but to an additional area if it is annexed within five years after the date of the Agreement; and
2. regarding Docket No. E-231,134/SA-05-981 — having given notice to interested parties prior to the hearing on this matter, approve the petition.

The motion passed, 3-0.

ET-2,E-015/TL-05-867

In the Matter of Notice Plans for Certification of Transmission Facilities

Commissioner Johnson moved that the Commission

1. approve the Applicants' Notice Plans as amended in their reply comments (including the use of larger paper for the Badoura Project map); and
2. require the Applicants to provide final copy of the notice and proof to the Commission that the plans have been carried out, as soon as reasonably possible.

The motion passed, 3-0.

G-007,011/M-03-276

In the Matter of a Filing by Aquila, Inc. to Establish a Large Volume Daily Balancing Service

Commissioner Johnson moved that the Commission

1. extend the Large Volume Daily Balancing Service (LVBS) program of Aquila, Inc. (Aquila), until the end of Aquila's next rate case;
2. approve a revised rate of \$4.35 per unit of LVBS;
3. require Aquila to address the stranded cost issue, together with possible alternative solutions, in its next rate case;
4. require Aquila to include the following information in its next rate case filing:
 - the number of customers that are participating in the pilot program,
 - the amount of LVBS for which each customer subscribes,
 - the cost associated with implementing the pilot program, and
 - the revenues associate with the pilot program;
5. require Aquila to include in its next rate case filing an alternative proposal for a balancing service similar to the balancing service offered by CenterPoint and Xcel;
6. require Aquila to submit the relevant tariff sheets that reflect the Commission's decision in this docket within ten days of the Commission's Order.

The motion passed 3-0.

G-002/M-05-393

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of a Fixed Bill Option Tariff and Rule Variance

Commissioner Nickolai moved that the Commission

1. approve Xcel's request for a pilot program, and approve Xcel's request for a variance to Minnesota Rules, Part 7825.2700, subpart 3, 5, 6, and 7, and Minnesota Rule, part 7825.2910, subpart 4, beginning on the date of the Commission's Order approving the Company's request and continuing until the end of the three-year pilot program; and
2. adopt Xcel's recommendation to adopt the following Department of Commerce recommendations to
 - i. require Xcel to exclude from the calculation of demand costs for fixed bill participants all seasonal reservation fees associated with "3rd party supplies" of natural gas for Xcel's system customers;
 - ii. require Xcel to update the demand charges to the August 1st PGA rates prior to each program year;
 - iii. require Xcel to include only the incremental regulatory, customer service, and gas supply labor costs in the calculation of the administrative fee;
 - iv. require Xcel to submit all the information regarding the calculation of the carrying cost to the Department for review prior to quotes being sent to potential participants for the first program year, and require Xcel to continue to include its carrying charge calculation methodology in the annual compliance reports due each March 1st;
 - v. require Xcel to clarify, in its tariff, that the carrying cost is calculated by using the current Commission approved cost of capital; and
 - vi. require Xcel to seek a variance from the Minnesota Department of Revenue regarding the calculation of state sales tax for fixed bill customers.

The motion passed 3-0.

Commissioner Johnson moved that the Commission accept te RUD-OAG's recommendation to lower Xcel's proposed \$50 early exit fee to \$30.

The motion passed, 3-0.

Commissioner Nickolai moved that the Commission not require Xcel to make adjustments for gas outages of short duration.

The motion passed, 3-0.

Commissioner Nikolai moved that the Commission

1. not require Xcel to revise its marketing materials to provide better disclosure about the incompatibility of the fixed bill program for natural gas service and the averaged monthly payment program for electric service; and
2. authorize Xcel to offer this program with an automatic renewal feature with an opt-out feature.

The motion passed, 3-0.

Commissioner Nikolai moved that the Commission

1. approve the February 1st cut-off date for the conservation incentive, as proposed by Xcel;
2. require Xcel to provide all of its marketing materials prior to the beginning of each program year;
3. require Xcel to make good faith efforts to work with the Department to make its quote letter as clear as possible;
4. require Xcel to file revised tariff pages reflecting any modifications required by the Commission's written Order within 10 calendar days;
5. require Xcel to provide the following information in its annual report due each year on March 1st for the duration of the pilot program:
 - participation statistics, including participation levels, number of customers excluded due to the enrollment cap, percentage of customers re-enrolling in the program, and the number of early exits and cash-outs and the reasons for those program departures;
 - gas supply information, including the total amount of fixed price gas purchased in conjunction with the Fixed Bill program and the amount of fixed price gas allocated to the Fixed Bill program;

- non-participant impacts, including the value provided to nonparticipants from any excess optionality in the supply portfolio and the net value of daily gas purchased in lieu of more expensive fixed price gas as the basis of Fixed Bill billing;
- financial information, including the final billing, components included in quotes, the actual revenue and costs for the Fixed Bill program, a monthly breakdown of participant arrearages;
- final details of the gas supply billing components;
- by contract, the actual dollar amounts and volumes of fixed-price gas purchased for the participants and for the total system for fixed price contracts greater than 30 days in duration;
- detailed revenue and costs from the pilot program;
- the final participation levels (customers and volumes) for the program year;
- number of Fixed Bill participants and a monthly breakdown of participant arrearages;
- number of eligible applicants precluded from participating in the program due to the participant cap;
- number of early exits from the program, the reason for the exit, and any fee and/or cashout applied;
- number of participants who declined re-enrollment;
- number of participants who re-enrolled;
- statistics on "Dial-Up" or "Dial-Down";
- number of participants who installed a qualifying high-efficiency heating system and the date of installation;
- number and nature of complaints received each year; and
- any other relevant information that the Company believes would be helpful to evaluate the program;

6. require that Xcel, if it decides at the end of the three-year period to discontinue the Fixed Bill program, provide in the annual report for the last program year detailed reasons for its decision, and will indicate whether its intends to offer this program in subsequent years.; and

7. require Xcel to include in its annual report a report on the reasons given by consumers for canceling their initial enrollment in this program.

The motion passed, 3-0.

G-008/M-05-602

In the Matter of the Petition of CenterPoint Energy for Approval to Continue the No Surprise Bill and Revise the NSB Tariff to Allow for the Inclusion of Planned Rate Increases in the Bill

Commissioner Johnson moved that the Commission

1. allow the Company to continue the No Surprise Bill (NSB) program as a part of its tariff with a cap of 70,000 participants, grant variances to Minn. Rules, Part 7825.2700, subpts. 3, 6, and 7 and Minn. Rules, Part 7825.2910, subp. 4 as necessary for the program effective for the existence of the NSB program;
2. allow CenterPoint to continue to use automatic renewal for the NSB program;
3. determine that CenterPoint's marketing materials adequately address the concerns raised by the OAG and the applicable sections do not need to be modified;
4. approve the limited request for inclusion of interim rates from the November 2005 general rate case in the 2005-2006 NSB and direct the Company to work with Staff develop the amount (which the Company expects to be approximately 1.3 percent).

The motion passed, 3-0.

E-015,315/SA-05-263

In the Matter of the Application of the City of Staples to Extend its Assigned Service Area into the Area Presently Served by Minnesota Power

Commissioner Nickolai moved to reconsider the Commission's Order of June 8, 2005.

The motion failed 2-1. Commissioners Johnson and Pugh voted no.

E-275,134/SA-04-1699

In the Matter of the Petition of the City of Moorhead for Determination of Compensation Related to the Transfer of Service Territory Under Docket Nos. E-275,134/SA-04-855 and E-275,134/SA-04-1386

Commissioner Nickolai moved that the Commission

5. hold action on the current docket in abeyance pending action by the District Court for Clay County on the City of Moorhead's Petition in Condemnation; and
6. direct the parties to report back to the Commission about the status of the district court proceedings when the court issues a decision or within 60 days, whichever is earlier.

The motion passed 3-0.

E-002/M-04-2055

In the Matter of the Petition of Xcel for Approval of a Distributed Generation Tariff

This matter was PULLED before the Agenda Meeting.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: SEPTEMBER 7, 2005

Burl W. Haar, Executive Secretary