

The Commission met on **Thursday, October 20, 2005**, with Acting Chair Reha and Commissioners Johnson, Nickolai, and Pugh present.

Comment [COMMENT1]: Minutes by Peter Brown. 5 motions were made.

ENERGY AGENDA

Commissioner Pugh moved that the Commission take action on the following three dockets as indicated:

E-001,140/SA-05-1458

In the Matter of a Joint petition by Interstate Power and Light Company; Sioux Valley Southwestern Electric Cooperative d/b/a Sioux Valley Energy and Agreement to Modify Electric Service Territory

- approve the petition;

E-001,266/SA-05-1476

In the Matter of a Joint petition by Interstate Power and Light Company and LeSueur Municipal Utilities for Approval of Agreement Concerning a Change in Service Territory Boundaries

- approve the petition;

G-004/M-05-675

In the Matter of a Request by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., for approval of the Company's Conservation Improvement Program Tracker True-up and Demand Side Management Financial Incentive

- approve the petition with the following modifications:
 1. no DSM financial incentive for 2004;
 2. approve the Company's 2004 CIP tracker account, including expenses of \$160,122, recoveries of \$158,637, and carrying charges of (\$7,148); and
 3. approve the Company's proposed revised CCRA of (\$0.0025) per dk, as shown in Table 2 above at this time, but require the Company to file a revised CCRA in its rate case compliance filing in Docket No. G-004/GR-04-1487 which uses the Commission approved sales forecast in that docket.

The motion passed, 4-0.

ET-6131, ET-2, ET-6130, ET-10, ET-6444, E-017, ET-9/CN-05-619

In the Matter of the Application of Otter Tail Power Company and Others for Certification of Transmission Facilities in Western Minnesota

Commissioner Nickolai moved that the Commission vary the time deadline in Minn. Rules, part 7849.0200, subp. 5 to allow more time to consider the completeness of the applicants' certificate of need application.

The motion passed, 4-0.

E-228,002/SA-05-1445

In the Matter of an Assigned Service Area Agreement Between Northern States Power Company d/b/a Xcel Energy and the Delano Water, Light and Power Commission

Commissioner Nickolai moved that the Commission approve the assigned service area agreement between these two utilities.

The motion passed 4-0.

G,E-999/AA-04-1279

In the Matter of the Review of the 2004 Annual Automatic Adjustment Reports for All Natural Gas and Electric Utilities and the 2004 Purchased Gas Adjustment True-up Filings for All Natural Gas Utilities

Commissioner Nickolai moved that the Commission take the actions set forth below on the electric utilities' annual automatic adjustment filings:

1. accept the fiscal year 2004 annual automatic adjustment reports as filed, revised, and supplemented by all of the electric utilities except Otter Tail Power as being in general compliance with Minn. Rules 7825.2390 through 7825.2920;
2. accept Otter Tail Power's 2004 annual automatic adjustment reports, including Otter Tail's annual auditor's report, as filed, revised, and/or supplemented, conditioned on a finding in the pending investigation into the report to Otter Tail's ethics hotline, in Docket No. E-017/M-04-1751, that the issues in that docket are unrelated to Otter Tail's handling of its fuel clause in this docket;
3. accept the compliance filings submitted with the fiscal year 2004 annual automatic adjustment reports as being in general compliance with Commission Orders;

4. grant Interstate Electric a variance to the Minnesota Rules governing the definition of what may be included in the fuel clause adjustment to allow for the inclusion of the credits from sulfur dioxide emission allowances in Interstate's FCA calculations, with the variance to run through 2006 or the resolution of the ongoing industry-wide fuel clause adjustment investigatory docket, whichever comes first;
5. grant Interstate Electric a variance to the Minnesota Rules governing FCA to allow for the credit in the FCA of the net revenue amounts related to the revenues from steam production and the related costs of fuel used to produce steam (rather than electricity) that is transferred to other parties, if the Commission deems such a variance is necessary; and
6. require the electric utilities to provide reasonable proxies for billing adjustment amounts for each type of energy cost as required by Minnesota Rule 7825.2810, subpart 1B, and as discussed in the Department's Review and the staff briefing papers.

The motion passed 4-0.

Commissioner Nickolai moved that the Commission take the actions set forth below on the gas utilities' annual automatic adjustment filings:

4. accept the FYE 2004 annual reports as filed, and subsequently amended, by the gas utilities as being complete as to Minnesota Rules 7825.2390 through 7825.2920;
2. require all gas utilities to provide a specific justification for each piece of information for which the designation of trade secret is claimed in their annual reports and true-up filings. All companies shall limit the designation of trade secret to words, numbers, or phrases that are actually trade secret and not designate entire paragraphs or pages which contain the trade secret words, numbers, or phrases;
3. request the Department to include the same Commission-requested information in its fiscal year 2005 Review as was included in its fiscal year 2004 Review except for the report on CenterPoint Energy's: (a) cost/benefit analysis of its long-term storage and transportation agreements with NGPL, (b) long-term storage contract with Northern, and (c) summary of all associated capacity improvements on Northern;
4. request the Department to continue its investigation of the amount of pipeline capacity release revenue the gas utilities receive from the pipelines and the amount of revenue the gas utilities refund to their customers;
5. request the Department to provide a comparative evaluation and report of the natural gas utilities' financial and physical hedging activities in its 2005 Review;
6. Great Plains Natural Gas Company

- a. accept Great Plains' Southern District true-up (Docket No. G-004/AA-04- 1479) and allow Great Plains to implement its true up, as shown in Department Attachment G6 of the Department's June 8, 2005 Review;
- b. accept and allow implementation of the proposed true-up for Great Plains' North District (Docket No. G-004/AA-04-1479);
- c. require Great Plains to increase its September 1, 2005 true-up balance by \$26,915 for the Southern District to correct for the fiscal year 2003 true-up year revision, and provide sufficient detail in its schedules to identify the revision;
- d. require Great Plains to re-evaluate its 2003-2004 design day to see if its capacity portfolio would have accommodated a 24-hour period of negative 25 degrees and report the findings in its upcoming November 1, 2005 demand entitlement filing;

7. Greater Minnesota Gas

- a. accept Greater Minnesota's true-up (Docket No. G-022/AA-04-1480) and allow Greater Minnesota to implement its true up, as shown in Department Attachment G5 of the Department's June 8, 2005 Review;
- b. require Greater Minnesota to file its monthly purchased gas adjustment (PGAs), pursuant to Minn. Rule 7825.2910, subpart 1, beginning July 2004;
- c. require Greater Minnesota to provide its 2004 independent auditor's report when available;
- d. require Greater Minnesota to re-evaluate its 2003-2004 design day to see if its capacity portfolio would have accommodated a 24-hour period of negative 25 degrees and report the findings in its upcoming November 1, 2005 demand entitlement filing;

8. Interstate Gas

- a. accept and allow implementation of the proposed true-up of Interstate Gas (Docket No. G-001/AA-04-1477) as shown in Attachment G7 of the Department's June 8, 2005 Review;

- b. require Interstate Gas to re-evaluate its 2003-2004 design day to see if its capacity portfolio would have accommodated a 24-hour period of negative 25 degrees and report the findings in its upcoming November 1, 2005 demand entitlement filing;
9. Aquila Networks-PNG (Peoples-MN)
- a. accept Peoples-MN's true-ups, Docket No. G-011/AA-04-1474 (Northern-area), G-011/AA-04-1475 (Viking-area), and G-011/AA-04-1476 (Great Lakes-area) and allow Peoples-MN to implement its true-ups, as shown in Attachment G8 of the Department's June 8, 2005 Review;
 - b. require Peoples-MN to re-evaluate its 2003-2004 design day to see if its capacity portfolio would have accommodated a 24-hour period of negative 25 degrees and report the findings in its upcoming November 1, 2005 demand entitlement filing;
10. Aquila Networks-NMU
- a. accept and allow implementation of the proposed true-up of NMU, Docket No. G-007/AA-03-1473, and allow NMU to implement its true-up, as shown in Attachment G9 of the Department's June 8, 2005 Review.
 - b. require NMU to re-evaluate its 2003-2004 design day to see if its capacity portfolio would have accommodated a 24-hour period of negative 25 degrees and report the findings in its upcoming November 1, 2005 demand entitlement filing.
11. CenterPoint Energy-Minnesota Gas (Minnegasco)
- a. accept Minnegasco's Northern system true-up (Docket No. G-008/AA-04-1471), and Viking system true-up (Docket No. G008/AA-04-1472), and allow Minnegasco to implement its true-ups, as shown in Attachment G10 of the Department's June 8, 2005 Review;
 - b. require Minnegasco to include balancing revenue of \$24,132 in its Northern true-up filing due September 1, 2005; and
 - c. require Minnegasco to re-evaluate its 2003-2004 design day to see if its capacity portfolio would have accommodated a 24-hour period of negative 25 degrees and report the findings in its upcoming November 1, 2005 demand entitlement filing;
12. Xcel Energy-Gas (Minnesota)

- a. accept Xcel Gas' explanation of how purchased gas expenses will be allocated to Limited Firm Service and Standby Service customers for fiscal years 2004, 2005, and 2006;
- b. accept Xcel's \$16,289 adjustment to demand billed commodity costs; and
- c. accept Xcel's revised true-up filing (Docket No. G-002/AA-04-1478) and allow Xcel to implement its true-up by accepting the true-up factors presented in Xcel Gas' September 1, 2004 true-up filing along with the revised over- and/or under-recovery balances that are to be carried forward to the September 1, 2005 true-up filing as shown in the Department's August 12, 2005 Response Comments, Attachment 2.

The motion passed 4-0.

INFORMATIONAL ITEMS

(No Docket Number) All Gas Utilities

Informational presentation by natural gas utilities, the Department of Commerce, and other potentially interested persons on natural gas costs for the 2005-6 heating season and related issues.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: NOVEMBER 16, 2005

Burl W. Haar, Executive Secretary