

The Commission met on **Thursday, January 25, 2007**, with Commissioners Johnson, Nickolai, and Pugh present throughout the meeting, and Commissioner Reha present for all matters except dockets E-002/CN-04-1176 and E-002/TL-06-1677. Commissioner Reha chaired the meeting while present, and Commissioner Nickolai chaired the meeting for the two matters for which Commissioner Reha was absent.

Comment [COMMENT1]: Minutes by Carol Casebolt. 10 motions were made.

The following matters were taken up by the Commission.

TELECOMMUNICATIONS AGENDA

P-442/C-05-1842

In the Matter of the Complaint of PrairieWave Telecommunications, Inc. Against AT&T of the Midwest, Inc. Regarding Compensation for Access Services

Commissioner Pugh moved to approve the settlement agreement submitted by the parties.

The motion passed 4-0.

P-404/AM-06-1459

In the Matter of the Petition by Bridge Water Telephone Company to Discontinue Metro EAS Transfer Payments

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

- Approve BWTC's petition to eliminate all transfer payments and revise the monthly rate additives paid by customers in the Enfield and Monticello exchanges as proposed by BWTC.
- Require that all transfer payments terminate 30 days after Order.
- Require BWTC to make the revised rates effective 30 days after Order.
- Require BWTC to file compliance rates within 30 days of the Order.
- Require BWTC to file a proposed customer notice for Commission Staff review within 20 days of Order.
- Do not open a generic case and continue to consider EAS transfer matters on a case-by-case basis.

The motion passed 3-1. Commissioner Johnson voted no.

ENERGY AGENDA

ET-2/CN-06-367

In the Matter of the Application for a Certificate of Need for the Mud Lake-Wilson Lake 115kV High Voltage Transmission Line

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

- Approve GRE's petition, find that the applicant has met the statutory and rule criteria for a certificate of need and grant a certificate of need for the Mud Lake - Wilson Lake 115 kV High Voltage Transmission Line.
- Find that the Environmental Report and the record created in this matter adequately addresses the issues identified by the Environmental Assessment Scoping Decision.

The motion passed 4-0.

ET-2/TL-06-980

In the Matter of the Application for a Route Permit for the Mud Lake-Wilson Lake 115kV High Voltage Transmission Line

Commissioner Nickolai moved that the Commission approve and adopt the Findings of Fact, Conclusions and Order which

- (1) determines that the Environmental Assessment and the record created at the Public Hearing address the issues identified in the EA Scoping Decision;
- (2) designates a route for the construction of a 12 mile, single circuit 115 kV high voltage transmission line and expansion of the Wilson Lake Substation as proposed in Great River Energy's Route Permit Application, dated July 28, 2006; and
- (3) issues a Route Permit to Great River Energy.

The motion passed 4-0.

E-002/CN-06-154

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Certificates of Need for Three 115 kV Transmission Lines in Southwestern Minnesota

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

- 1) Accept the application as substantially complete, contingent on Xcel's submission of a supplement addressing the following within 30 days of the Order from this proceeding:
 - data addressing the minimum demand in the Buffalo Ridge region, especially information regarding proposed ethanol plants or other large consumers of

electricity;

- information on wind curtailment in megawatts for the Buffalo Ridge area;
- information on the possibility of providing data on the benefits of fuel diversity provided by increasing Minnesota's reliance on local wind resources; and
- a discussion on the transmission studies being done by the Midwest Independent System Operator (MISO) regarding groups of similar generators, especially wind generators, rather than individual generators.

- 2) Refer the matter to the Office of Administrative Hearings for a contested case proceeding.
- 3) Request the assignment of an administrative law judge to conduct the contested case and provide a recommendation to the commission.
- 4) Authorize the Executive Secretary to establish deadlines for written comments and reply comments.
- 5) Include the following information in the Order from this proceeding:
 - The name and telephone number of the commission employee designated to facilitate citizen participation in the process.
 - A request that the Department of Commerce continue to study the issues and indicate during the review process its position on reasonableness of granting a certificate of need to the Applicant.
 - A requirement that Xcel facilitate in every reasonable way the continued examination of the issues by the Department of Commerce.
 - A request that Xcel place its application and any supplementary materials filed in this docket on a website.
 - A directive that Commission staff work with the Administrative Law Judge and staff of the Department of Commerce in selecting suitable locations for the public meetings on the application.
 - A directive that Xcel work with staff of the Commission and the staff of the Department, as necessary, to arrange for the publication of notice of the hearings in newspapers of general circulation at least ten (10) days prior to the start of the hearings, that such notice be in the form of visible display ads, and that proofs of publication of such ads be obtained from the newspapers selected.
- 6) Develop a brochure or information sheet to guide the public in the certificate of need contested case process.

The motion passed 4-0.

E-002/CN-04-1176

In the Matter of the Certificate of Need Application for the Chisago 115/161 kV Transmission Line

Commissioner Pugh moved that the Commission:

- 1) Accept the Application as complete pending the submission of additional data.
- 2) Combine the environmental review and public hearing process.
- 3) Refer the matter to the Office of Administrative Hearings for a contested case proceeding.
- 4) Include the following information in the Orders issued on this matter:
 - The name, telephone number, and e-mail address of the Commission employee designated to facilitate citizen participation in the process.
 - A request that the Department of Commerce continue to study issues and indicate during the hearing process its position on the reasonableness of granting a certificate to the Applicant.
 - A requirement that the Applicant facilitate in every reasonable way the continued examination of the issues by the Department of Commerce.
 - A request that the Applicant place all the materials submitted in this docket on a website.
 - A directive that Commission staff work with the Administrative Law Judge and the staff of the Department of Commerce in selecting suitable locations for the public hearings on the application.
 - A directive that the Applicants work with staff of the Commission and the Department to arrange for publication of the notice of the hearings in newspapers of general circulation at least ten (10) days prior to the hearings, that such notice be in the form of visible display ads, and proofs of publication of such ads be obtained from the newspapers selected.

The motion passed 3-0.

E-002/TL-06-1677

In the Matter of the Route Permit Application for the Chisago 115/161 kV Transmission Line

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

- 1) Accept the Chisago county to Apple River transmission line route permit application as complete.
- 2) Authorize DOC EFP to begin the alternative review process under Minnesota Rules

4400.2000-2950.

- 3) Authorize the Department of Commerce to name a public advisor in this case.
- 4) Authorize DOC EFP staff to establish an advisory task force and develop a proposed structure and charge for the task force.

The motion passed, 3-0.

E-002/GR-05-1428

In the Matter of the Application by Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota

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

- 1) Approve Xcel's initial compliance filing (with corrections), as supplemented by Xcel in reply comments filed on January 2, 2007, with the following additional requirements:
 - A. Direct Xcel to provide the additional information, as requested by the Department, to ensure that the wholesale margins being passed back to ratepayers are consistent with the settlement and that the approach is fair to customers now and in the future.
 - B. Require Xcel to resubmit the CIP tracker account (including rates, revenues, expenses, and ending balance) for the entire period that interim rates were in effect within 10 days after final rates become effective.
 - C. Require Xcel to file, within 10 days of the refund, a compliance filing report that shows the actual refunds and interest paid by class including the calculations.
- 2) Approve Xcel's proposal to include, with the interim rate refund, the correction for the error made when the low-income discount was not properly applied to the interim rate increase. Direct the Company to include a report, with the interim rate refund report, indicating the finally calculated amount of the correction, the amount refunded, the disposition of any amounts not refunded, and the number of customers impacted.
- 3) Approve the customer notice as attached to the briefing papers and as modified by e-mail on January 4, 2007.
- 4) Grant a variance to Minn. Rule 7820.3500, to allow the showing of the combined cost of energy as a single line item on customer bills, until circumstances change, or is otherwise revoked.
- 5) Grant a variance to Minn. Rule 7825.2400, subp. 7 to permit the inclusion of margins on

wholesale transactions, as described in the settlement agreement, in the fuel adjustment, until circumstances change, or is otherwise revoked.

The motion passed 4-0.

E-017/RP-05-968

In the Matter of Otter Tail Power Company's 2005 Integrated Resource Plan

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

- 1) Postpone a final decision on Otter Tail's 2005 resource plan until the Commission's oral decision in the CN-05-619 docket, i.e., the decision on the IRP to be made concurrently with the Certificate of Need decision.
- 2) Extend the filing date for the Integrated Resource Plan to April 1, 2008.
- 3) Direct the Company to file its forecast with the Department by July 1, 2007.
- 4) Change the amount of wind-generated electricity that the Company is authorized to pursue pursuant to its IRP from "up to 75MW", as stated in the Commission's August 9, 2006 Order in this matter, to "up to 160MW."

The motion passed 4-0.

E-017/M-04-1751

In the Matter of Otter Tail Power Company's Report on a Call to its Ethics Hotline

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

- 1) Approve Otter Tail's Compliance Filing with the modifications and/or conditions recommended by the Department of Commerce.
- 2) Permit Otter Tail to use its proposed method of allocations, including the general allocator using revenues, assets, and labor dollars, subject to the conditions set for the in the comments of the Department of Commerce.
- 3) Require Otter Tail to include short-term debt in its AFUDC calculations and to recalculate its AFUDC beginning as of May 2003, with the upcoming rate case reflecting the revisions as well. Require the Company to file the recalculations and resulting journal entries within 60 days of the order in this matter.

- 4) Decline to conduct any additional investigation or reporting on these issues, with the exception of
- A. Requiring the Company to file the final report of the FERC operational audit when it becomes available.
 - B. Requiring the Company to file, and to serve on the Department and the RUD-OAG, a copy of the letter/complaint recently submitted to its ethics hotline challenging the Company's conduct and the accuracy of the information it has submitted in the course of this investigation.
 - C. Requiring the Company to clearly and properly disclose any future changes in how it reports data in the Minnesota Jurisdictional Reports filed with Minnesota regulatory authorities.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: FEBRUARY 21, 2007

Burl W. Haar, Executive Secretary