

The Commission met on **Thursday, April 12, 2007**, with Chair Koppendrayer and Commissioners Reha, Johnson, Nickolai and Pugh present.

Comment [COMMENT1]: Minutes by Marcia Johnson. 7 motions were made.

The following matters were taken up by the Commission:

## **ENERGY AGENDA**

### **E-015/S-06-1529**

#### **In the Matter of the Petition of Minnesota Power for Approval of its Capital Structure and Authorization to Issue Securities**

Commissioner Johnson moved that the Commission approve the following:

#### **Recommendations Excluding The Rights Plan**

1. Approve MP's 2007 estimated capital structure. This approval will remain effective until the earlier of April 30, 2008, or the date at which the Commission issues a new capital structure order.
2. Approve MP's equity ratio contingency of plus/minus 15 percent around its 2007 proposed equity ratio. Equity ratios outside this range may not exceed a period of 60 days without prior Commission approval.
3. Approve MP's total capitalization's contingency of \$160 million above its 2007 total capitalization. The Company may not exceed its total capitalization including the requested contingency of \$160 million for a period longer than 60 days without prior Commission approval.
4. Approve any issuance of securities in calendar-year 2007 that would not result in an equity ratio outside the proposed range or a total capitalization exceeding its proposed cap for more than 60 days.
5. Require MP to obtain prior approval for issuance of any securities in calendar year 2007 that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.

#### **Recommendations Regarding The Rights Plan**

1. Allow MP to forego prior Commission approval to issue securities under the Rights Plan and require the Company to refile a revised capital structure petition for review and approval by the Commission within six months after a Triggering Event.

2. Require that if MP either amends or terminates its Rights Plan, the Company must notify the Commission as soon as possible after such decision is made, and no later than MP's next earliest capital structure filing following such termination or amendment.

**Recommendations Regarding Potential Corporate Restructuring Effect On Credit Ratings**

1. Require MP to keep the Commission informed of any corporate restructuring.
2. Require MP to keep the Commission informed of any Rating Agency action.

The motion passed, 4 - 1.

**E,G-001/S-07-217**

**In the Matter of a Petition by interstate Power and Light Company's Annual Capital Structure Filing**

Commissioner Johnson moved that the Commission approve the following:

**A. Recommendations if IPL Does Not Sell Its Transmission Assets**

1. Approve IPL's requested 2007 capital structure. This approval will remain effective until the Commission issues a new capital structure Order.
2. Approve a +/- 10 percent range around IPL's approved common equity ratios, preferred equity ratios, and long-term debt ratios.

**B. Recommendation If IPL Sells Its Transmission Assets**

- 3(a). Approve IPL's requested 2007 capital structure pre-transmission asset sale as shown in Table 2.
- 3(b). Approve IPL's requested 2007 Capital Structure post-transmission asset sale, as shown in Table 3.
- 3<sup>o</sup>. The approval of IPL's post-transmission asset sale capital structure is contingent upon the Commission's pre-approval of the sale of IPL's transmission asset.
4. Approve a +/- percent range around IPL's approved common equity ratio, preferred equity ratio and long-term debt ratio, as shown in Table 3, for the period 12/01/2007 through 03/31/2008. This approval is subject to the Commission's pre-approval of IPL's sale of its transmission assets.

**C. Other Recommendations**

5. Approve IPL's requested short-term debt amount, which is not to exceed \$300 million at any time during the period 04/01/2007 through 03/31/2008, or until the Commission issues a new capital structure Order if the Order is issued after 03/31/2008.
6. Approve IPL's total capitalization contingency of \$2,574.3 million. This amount is 5 percent over IPL's total capitalization including the maximum of \$300 million of short-term debt.
7. Allow IPL to issue short-term and long-term securities without Commission approval as long as the issuances do not result in a capital structure that is out of compliance with this Order for more than 60 days. Any issuance of securities that would result in a capital structure that is out of compliance with this Order for more than 60 days must be first approved by the Commission.
8. Require IPL to report to the Commission any sale of its transmission assets and its impact on IPL's capital structure.

The motion passed, 4 - 1.

**E-015/M-05-1678**

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

Commissioner Reha moved that the Commission approve the rate of \$0.00010 as filed by Minnesota Power.

The motion passed, 5 - 0.

**TELECOMMUNICATIONS AGENDA**

**P-6400/C-06-395**

**In the Matter of the Joint Complaint of the Minnesota Department of Commerce and the Office of the Attorney General Residential and Small Business Utilities Division against Vilare Communications Company**

Commissioner Pugh moved that the Commission approve the Agreement and dismiss the complaint against Vilare with prejudice.

The motion passed, 5 - 0.

**P-999/DI-07-204**

**In the Matter of the Petition of the Minnesota Department of Commerce Regarding Regulation of Inmate Phone Service**

Commissioner Reha moved that the Commission:

1. Open a generic docket and solicit initial comments, within 21 days of the date of the Order, regarding the four issues from inmate phone service providers. Reply comments are due within 10 days after the filing of Initial Comments.
2. Delegate to the Executive Secretary the ability to deal with issues related to timelines.
3. Ask the OAG-RUD to look into the complaint regarding an inmate phone provider operating a phone system for a county jail in the Twin Cities metropolitan area.

The motion passed, 5 - 0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: APRIL 25, 2007**

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**Burl W. Haar, Executive Secretary**