

The Commission met on **Thursday, July 3, 2007**, with Chair Koppendray and Commissioners Reha, Johnson and Pugh present.

**Comment [COMMENT1]:** Minutes by Carol Casebolt, Marcia Johnson and Peter Brown. 11 motions were made.

The following matters were taken up by the Commission:

## TELECOMMUNICATIONS AGENDA

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

#### **In the Matter of Regulation of Inmate Telephone Service**

Commissioner Johnson moved that the Commission:

- 1) Clarify that state law still requires inmate telephone service providers to obtain a certificate of authority in Minnesota;
- 2) Determine that inmate telephone service providers obtain a certificate of authority similar to a CLEC service provider; and
- 3) Modify the twelve requirements established by the Commission in Docket No. P-999/CI-91-22 to incorporate the following:
  - Find that inmate telephone service providers are required to obtain a certificate of authority with the Commission;
  - Require inmate telephone service providers to obtain competitive local exchange company (CLEC) certification, but grant a variance of the requirements to receive Commission approval of a 911 plan and interconnection agreement;
  - Require inmate telephone service providers to file a tariff for their services;
  - Inmate telephone service providers' long distance rates shall be regulated in the same manner as other long distance rates, and their local rates shall be regulated in the same manner as other local rates;
  - Require inmate telephone service providers to state their identity at the beginning of each call, including: a) the identity of the inmate telephone service provider; b) the fact that the call is originating from a correctional institution; and c) a mechanism to obtain additional information about the provider (such as an instruction to press "1" to obtain a telephone number to reach the provider for questions);
  - Require inmate telephone service providers to bill the end user within 90 days of the date of the call;
  - Prohibit inmate telephone service providers from billing for unanswered calls;
  - Require inmate telephone service providers to provide, upon request, all rate information, including all recurring and nonrecurring charges that will be assessed for the call, to the end user, prior to the end user accepting the call;
  - Prohibit all local exchange carriers from disconnecting local service for the nonpayment of inmate telephone service charges; and
  - Require inmate telephone service providers to comply with other applicable requirements, including but not limited to filing annual reports.

The motion passed, 4-0.

**P-5321, 421/IC-07-321**

**In the Matter of the Joint Application for Approval of the March 15, 2007 Amendment to the Interconnection Agreement Between MCImetro and Qwest**

Commissioner Pugh moved that the Commission:

- 1) Adopt Qwest's position that Qwest's actions regarding negotiations for an interconnection agreement (ICA) with Level 3 do not discriminate against Level 3;
- 2) Dismiss Level 3's Objection; and
- 3) Approve the Qwest/MCI ICA Amendment.

The motion passed, 4-0.

**ENERGY AGENDA**

**G-007, 011/M-06-1358**

**In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a Variance to the Purchased Gas Adjustment Rules**

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

- A. Grant the Company the authority to invest in financial instruments subject to the following conditions and to grant a variance to Minnesota Rules parts 7825.2400, 7825.2500, and 7825.2700 for a two-year period ending June 30, 2009:
  1. Allow the variance to apply to all financial positions that either MERC-NMU or MERC-PNG enter into during the period of the two-year variance extension ending June 30, 2009.
  2. Allow MERC-NMU and MERC-PNG to engage in put options in combination with call options to form a collar, but deny the Companies' use of put options for any other reason without specific Commission approval.
  3. Cap the amount of financial hedging instruments for MERC-NMU and MERC-PNG at a combined maximum of 20 percent of the Companies' annual total firm commodity gas costs.
  4. Require MERC-NMU and MERC-PNG to separately identify, in their monthly PGA filings, the amount of anticipated financial instruments costs and/or benefits included in the calculation of the PGA rate.
  5. Require MERC-NMU and MERC-PNG to include, in their request for approval of changes in demand entitlements submitted on or about November 1 each year the following:

- a. a list of all financial instrument arrangements entered into for the upcoming heating season;
- b. the cost premium associated with each contract;
- c. the size of each contract;
- d. the contract date;
- e. the contract price; and
- f. an explanation of the anticipated benefits of these contracts to the Companies' ratepayers.

6. Require MERC-NMU and MERC-PNG to include data on the relative benefits of price hedging contracts, including the average cost per dekatherm for natural gas purchased under financial instruments compared to the comparable monthly and daily spot index prices, in the Companies' annual AAA reports due on September 1st of each year, together with:

- a. a list of each hedging instrument entered into;
- b. the total volumes contracted for each instrument; and
- c. the net gain or loss, including all transaction costs for each instrument in comparison to the appropriate monthly and daily spot prices.

B. Require that the cost of financial instruments be recovered in the commodity rate.

The motion passed, 4-0.

**E-002/M-07-484**

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

Chair Koppendraye moved to grant the requested variances for one year, unless otherwise modified in the generic Fuel Clause Adjustment proceeding, as recommended by the Department, including the reporting requirements listed on pages 13 and 14 of the Department's comments, and noting that the Commission takes this action in light of the uncertainties that still exist regarding the operation of the MISO Day 2 markets and that the Commission will consider granting the variance for a three-year term the next time it is requested.

The motion passed, 4-0.

**Block Motion**

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

**E-001, 290/SA-07-449**

**In the Matter of the Joint Petition of the City of Owatonna and Interstate Power and Light Company for Approval of their Settlement Agreement Concerning a Change in their Service Territory Boundaries and Related Compensation**

- Grant the petition.

**E-275, 134/SA-07-601**

**In the Matter of the City of Moorhead's Petition to Extend its Service Area into the Area Presently Served by Red River Valley Cooperative Power Association under the Terms and Conditions of the Settlement Agreement in Docket No. E-275,134/SA-02-1207**

- Grant the petition.

The motion passed, 4-0.

**E-002, 135/SA-06-1161**

**In the Matter of the Transfer of Four Residential Customers Between Redwood Electric Cooperative and Northern States Power Company**

Chair Koppendrayer moved to determine that the area at issue is appropriately served by Xcel and to direct the utilities to proceed with the transfer of service.

The motion passed, 4-0.

**G-002/CI-07-541;**

**G-002/M-05-393;**

**G-008/CI-07-542;**

**G-008/M-05-602**

**In the Matter of a Commission Investigation into Xcel Energy's Fixed Monthly Payment Pilot Program;**

**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;**

**In the Matter of a Commission Investigation into CenterPoint Energy's No Surprise Bill Program;**

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

Commissioner Johnson moved that the Commission:

- 1) Modify the Commission's orders in:
  - In the Matter of the Petition of Centerpoint Energy for Approval to Continue the No Surprise Bill and Revise the No Surprise Bill Tariff to Allow for the Inclusion of Planned Rate Increases in the Bill, Docket No. G-008/M-05-602 (September 6, 2005); and
  - 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, Docket No. G-002/M-05-393 (September 6, 2005) to:
- 2) Suspend Xcel's and CenterPoint's authority to offer these fixed bill programs at the conclusion of the 2006-2007 program year until the Commission is satisfied that it is in the public interest for Xcel and CenterPoint to resume offering these programs, or after the Commission proceedings involving these fixed bill investigations have concluded, and there is a finding that these programs are in the public interest;
- 3) Require Xcel and CenterPoint to send customers a Commission-approved notice of the suspension with an explanation of the reason for the suspension based on the language in the Commission Order.

The motion passed, 4-0.

Commissioner Reha moved that the Commission:

- 1) Order Xcel and CenterPoint to permit LIHEAP customers to immediately withdraw from the fixed bill programs pursuant to the "hardship" provisions of the Xcel tariff and the "extraordinary or unusual circumstances" provision of the CenterPoint tariff, retroactive to the start of the 2006-2007 program year, without payment of exit costs, administrative penalties or fees;
- 2) Require Xcel and CenterPoint to send LIHEAP customers a letter, approved by the Commission, notifying them of the option, with an explanation, to immediately withdraw from the programs without payment of exit costs, administrative penalties or fees;
- 3) Delegate to the Executive Secretary the authority to approve the notice letter to LIHEAP customers, referenced in subpart 2) above;
- 4) Order Xcel and CenterPoint to resolve the stranded costs issue associated with discontinuing the fixed bill program for LIHEAP customers through settlement with the RUD-OAG, or to submit proposals for resolution of the issue to the Commission.

The motion passed, 3-1.

Commissioner Pugh moved that the Commission declare Xcel's and CenterPoint's 2006-2007 fixed bill rates to be interim rates subject to true-up, effective as of the date of the Commission Order forward to the end of 2006-2007 heating season.

The motion failed, 2-2.

Commissioner Pugh moved that the Commission issue a protective order based on ECC's petition, covering trade secret data, proprietary data and private data on individuals.

The motion passed, 4-0.

Commissioner Pugh moved that the Commission require Xcel and CenterPoint to file revised tariff language reflecting the suspension of the fixed bill programs within 20 days of the Commission's Order in this docket.

The motion passed, 4-0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: AUGUST 1, 2007**

---

**Burl W. Haar, Executive Secretary**