

The Commission met on **Thursday, July 26, 2007**, with Acting Chair Reha and Commissioners Boyd, Johnson and Pugh present.

Comment [COMMENT1]: Minutes by Eric Witte, Marcia Johnson, and Peter Brown. 20 motions were made.

The following matters were taken up by the Commission:

ENERGY AGENDA

G-007, 011/S-07-352

In the Matter of the Annual Capital Structure Filing of Minnesota Energy Resources Corporation

Commissioner Johnson moved to approve the proposed capital structure, common equity range and total capitalization modified as follows:

1. Approve the 2007 capital structure requested by Minnesota Energy Resources Corporation (MERC) effective until the 2008 Capital Structure Order is issued. Such approval does not imply capital structure approval for rate making purposes.
2. Approve a +/- 10 percent range around MERC's common equity ratio of 46.9 percent (i.e., a range of 42.2 percent to 51.2 percent).
3. Authorize MERC to issue short-term debt not to exceed \$50 million at any time while the 2007 Capital Structure is in effect.
4. Approve MERC's total capitalization of \$267.1 million which includes a 10 percent contingency of \$24.3 million.
5. Authorize MERC to exceed parameters for a period of no more than 60 days without Commission approval.
6. Authorize MERC to receive short-term debt and long-term debt financing from parent company Integrys at rates equivalent to what Integrys would pay.

The motion passed 4 - 0.

G-007, 011/PA-07-579

in the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of the Sale of Property

Commissioner Pugh moved to do the following:

1. Approve MERC's sale of the Rochester property.
2. Approve the purchase and/or building of a new office/warehouse facility in Rochester and the termination of the related leases.

3. Approve the building of the new office/warehouses facility in Worthington and the termination of the related leases.
4. Require MERC to record the gain on the sale of the Rochester facility in Account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

The motion passed 4 - 0.

G-007, 011/M-06-1287

Petition for Authorization to Establish a Regulatory Asset for Pension and Other Postretirement Benefits Acquired from Aquila, Inc.

Commissioner Johnson moved to do the following:

1. Authorize MERC to create a regulatory asset for pension and other postretirement benefits acquired from Aquila, Inc.
2. Authorize MERC to amortize the regulatory asset over a period of twenty years, starting July 1, 2008.

The motion passed 4 - 0.

G-002/M-07-621

Petition for Extension of Variance with Respect to the Kansas Property Tax

Commissioner Johnson moved to allow Northern States Power Company d/b/a Xcel Energy, Inc. (Xcel) to withdraw its extension request.

The motion passed 4 - 0.

E-999/CI-06-159

In the Matter of Commission Investigation and Determination Under the Electricity Title, Section XII, of the Federal Energy Policy Act of 2005

Commissioner Reha moved to do the following:

Fossil Fuel Efficiency Standard

1. Determine that the Commission has considered this standard as required.
2. Determine that requiring investor-owned utilities to include information in their Resource Plans generically describing how the utility is planning to address fossil fuel efficiency will meet the goals of this standard.
3. Require investor-owned utilities to include information in their Resource Plan with respect to -

- the heat rates of existing plants,
- efforts by utilities to maintain or improve heat rates over time, and
- modeling run(s) of ways to improve the heat rates of either the largest existing or the lowest heat rate generation plants.

Smart Metering Standard

1. Determine that the Commission has considered this standard as required.
2. Determine, having conducted the investigation required in Section 1252 (b) of the EPAct, that it would not be appropriate at this time for electric utilities to provide and install time-based meters and communications devices for each of their customers/
3. Find it appropriate to consult the standard during the review of rate structures of individual utilities on an ongoing basis, during rate cases or at other appropriate times.
4. Modify the standard to include practices that achieve the same goals of PURPA that are similar to Smart Metering, and implement the modified standard on a utility-by-utility basis depending on what the utility already has in place.

The motion passed 4 - 0.

ET-2, E-002, et al./CN-06-1115

In the Matter of the Application of Great River Energy, Northern States Power Company (d/b/a Xcel Energy) and Others for a Certificate of Need for the CapX 345-kV Transmission Project

Commissioner Pugh moved to deny the petition for reconsideration.

The motion passed 4 - 0.

IP-6631/CN-07-789

In the Matter of the Application of Elm Creek LLC for a Certificate of Need for a Large Energy Facility, a 100.5 Megawatt Wind Farm

Commissioner Johnson moved to do the following:

1. Grant the exemption as proposed by Elk Creek, LLC (Elk Creek).
2. Accept the application as substantially complete as of date of Elm Creek's supplement, July 11, 2007.
3. Review the application using the informal review process including initial and reply comments; determine that a deadline for raising contested issues would be coincident with response comments; note that this form of review would include the use of an ALJ to conduct the public hearing and provide a summary of the public comments received; delegate authority to vary time periods to the Executive Secretary.

4. Require that the need and siting processes be combined where practicable.
5. Include the foregoing items identified in the Order on this matter.

The motion passed 4 - 0.

IP6631/WS-07-388

In the Matter of the Application of Elm Creek Wind, LLC, for a Large Wind Energy Conversion System Site Permit for the Elm Creek Wind Project in Jackson and Martin Counties

Commissioner Johnson moved to do the following:

1. Accept the Elm Creek Wind, LLC, Application for up to a 100 Megawatt Large Wind Energy Conversion System (LWECS).
2. Authorize the Energy Facilities Permitting staff of the Minnesota Department of Commerce (the Department) to name a public advisor for this project.
3. Make a preliminary determination that a draft site permit may be issued, approve the attached proposed draft site permit for the Elm Creek Wind, LLC, Project for distribution and public comment, and authorize the Department's Energy Facilities Permitting staff to initiate the public participation process found in Minnesota Rules part 4401.0550.

The motion passed 4 - 0.

IP-6632/WS-07-389

In the Matter of the Application of Moraine Wind II, LLC, a Large Wind Energy Conversion System Site Permit for the Up to 49.9 Megawatt Moraine II Wind Farm in Murray and Pipestone Counties

Commissioner Boyd moved to adopt the Findings of Fact, Conclusions and Order and issue a Site Permit to Moraine Wind II, LLC, for up to a 49.9 Megawatt (MW) LWECS in Pipestone and Murray Counties.

The motion passed 4 - 0.

ET-2, E-015/TL-06-1624

In the Matter of the Application for a High Voltage Transmission Line Route Permit for the Tower 115kV Transmission Project

Commissioner Pugh moved to approve and adopt the Findings of Fact, Conclusions of Law and Order for the Minnesota Power/Great River Energy Tower Transmission Line Project which –

- determines that the environmental assessment and record created at the public hearing address the issues identified in the Environmental Assessment Scoping decision;

- designates a corridor for the construction of the Tower 115 kilovolt (kV) high voltage transmission line (HVTL) project; and
- issues a HVTL Route Permit, with appropriate conditions, to Minnesota Power and Great River Energy.

The motion passed 4 - 0.

E-002/CN-C-07-873

In the Matter of the Application of Xcel Energy for a Certificate of Need for a Large Energy Facility, the Grand Meadow 100.5 Megawatt Wind Farm

Commissioner Reha moved to do the following:

1. Vary the 30 day time period required under Minnesota Rules Part 7849.0200 for determining completeness to allow sufficient time for a written order to be prepared.
2. Accept the application as complete as filed as of the date of Xcel's Response, on July 24, 2007.
3. Approve the use of an informal review process.
4. Delegate scheduling authority to the Executive Secretary.
5. Require that the need and siting processes be combined where practicable.
6. Include the following items in the Order:
 - 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 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;
 - 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 in selecting suitable locations for the public hearings on the application; and
 - a directive that the Applicant's 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, and that such notice be in the form of visible display ads.

The motion passed 4 - 0.

IP-6646/WS-07-839

In the Matter of the Application of enXco Development Corporation for a Large Wind Energy Conversion System Site Permit for the 200.5 MW Wapsipinicon wind Project in Mower County

Commissioner Boyd moved to do the following:

1. Accept the Wapsipinicon Wind Project Application for up to a 205.5 MW LWECS in Mower County.
2. Authorize the Energy Facility Permitting Staff to name a public advisor for the project.
3. Make a preliminary determination that a draft site permit may be issued.
4. Approve the draft site permit for the Wapsipinicon/Grand Meadow Wind Project for distribution and public comment.
5. Authorize EFP staff to initiate the public participation process in Minn. Rule Part 4401.0550.

The motion passed 4 - 0.

P-6409/RV-07-705

In the Matter of the Revocation of Telephonic's Certificate of Authority

Commissioner Johnson moved to revoke Telephonic's certificate of authority.

The motion passed 4 - 0.

P-5340/PA-07-439

In the Matter of the Joint Application for Approval of the Transfer of Control of Eschelon Telecom of Minnesota, Inc. to Integra Telecom Holdings, Inc.

Commissioner Pugh moved that the Commission reconsider this matter in its own motion.

The motion passed 4 - 0.

Commissioner Pugh moved to make the amendments suggested by the Department in its revised recommendations on page 2 of its June 27, 2006 comments, which are as follows:

Approve the transfer of control of Eschelon Telecom, Inc., including its operating subsidiary, Eschelon Telecom of Minnesota, Inc., to Integra Telecom Holdings, Inc.

- Applicants must inform the Commission that the proposed transaction has closed within 20 days of its consummation.

- Eschelon Telecom of Minnesota, Inc. must submit an updated tariff reflecting its assumed name, Integra Telecom, not later than 20 days after the transaction closes.
- Eschelon Telecom of Minnesota, Inc. must notify customers of the name change not later than 20 days after the transaction closes.
- The Minnesota Department of Public Safety and Metropolitan Emergency Services Board are hereby notified of this transaction in the event that it has any 911 Plan implications.

The motion passed 4 - 0.

P-999/DI-07-617

In the Matter of a Request to Exercise Authority Under Minnesota Statutes §403.11[©]

Commissioner Johnson moved to approve the Department's request to solicit information and clarify how 911/TAM/TAP fees should be assessed on various telecommunications services based on trunk equivalency as follows:

1. Carriers should identify each business service upon which they assess 911/TAM/TAP fees based on trunk equivalency and list how they assess these fees on such services.
2. Carriers or interested parties should identify any service for which they would like the Commission to clarify how to assess the 911/TAM/TAP fees pursuant to its authority under Minnesota Statutes §403.11 subdivision 1[©].
3. Any other issues that should be addressed in this docket.

The motion passed 4 - 0.

P-408, 420, 421/CP-06-711

In the Matter of a Petition for Extended Area Service from Frazee to Detroit Lakes

Commissioner Pugh moved to do the following:

1. Certify the polling results, in which the community of Frazee voted against extended area service (EAS) to the Detroit Lakes exchange.

Polling results for Frazee

Voting Exchange	Petitioned Exchange(s)	Res. EAS Rate	Bus. EAS Rate	% Voting	Yes		No	
					#	%	#	%
Frazee	Detroit Lakes	\$7.48	\$10.08	57.4	442	46.0	518	54.0

2. Deny the Frazee petition for EAS to Detroit Lakes.

The motion passed 4 - 0.

P-5520/M-07-769

In the Matter of the Petition Filed by SBC Long Distance, LLC, for a Variance to Allow the Company to Discontinue the Provision of Local Service to Residential Customers

Commissioner Boyd moved to do the following:

1. Approve the petition for a three year variance, under Minnesota Rules Part 7829.3200, to the requirements in Minnesota Rules Part 7812.0600, subpart 1, and allow SBC Long Distance, LLC (SWB), to cease serving residential customers as of August 3, 2007.
2. Direct SBC to file a follow-up report informing the Commission of the status of the remaining residential local service customers as of the August 3, 2007 disconnection date.

The motion passed 4 - 0.

P-430/AR-07-948

In the Matter of a Petition by Embarq Minnesota, Inc. For Renewal and Revision of its Revised Alternative Regulation (AFOR) Plan

Commissioner Reha moved to do the following:

1. Require Embarq Minnesota, Inc., (Embarq) to –
 - Send a notice to all telecommunications carriers in Minnesota with which it has an interconnection agreement informing them where they can find the AFOR petition filed by Embarq Minnesota (Embarq) and this Order on the World Wide Web, either on the Commission's website or on one of Embarq's websites or both;
 - File with the Commission a list of all persons served with this notice;
 - Post its petition, the case timetable and any other pertinent information on one of its websites.
2. Require any person who wishes to intervene to file a petition under Minnesota Rules, Part 7829.0800, within 20 days of the Order, or August 22, 2007, whichever comes later.
3. Require any person who wishes to be placed on the service list to so indicate on the Declaration of Interest Form and return it to the Commission within 20 days of the Order, or August 22, 2007, whichever comes later.
4. Require that, after the official service list is established and distributed, all parties submitting document to the Commission must submit proof that the document has been served on all other parties on the service list.
5. Establish deadlines for comments and reply comments as of August 24, 2007 and August 31, 2007, on whether Embarq's filing meets the requirements of Minnesota Statutes §§ 237.76-237,769 and 237.61, and the renewal provisions of the current plan.
6. Establish the following deadlines for filing comments on the merits of the plan: Initial comments - September 18, 2007; and Reply comments - October 2, 2007.

7. Designate a lead commissioner to deal with any protective order that will be filed by the parties.
8. Allow the parties, including the Department and the Residential and Small Business Utilities Division of the Office of the Attorney General (RUD-OAG), to determine whether public meetings are necessary.
9. Order Embarq to –
 - Provide notice of the Second Revised AFOR Plan to all its individual customers;
 - Include in the notice how customers can e-mail Embarq with questions and concerns about Embarq's proposal, including any requests for a public meeting to address Embarq's proposal; and
 - Work with the Department, the RUD-OAG, and Commission staff on the language and timing of the notice.
10. Require Embarq and all parties to answer any information requests issued by the Commission staff, the Department, RUD-OAG, or any party within 10 days of receipt. A copy of each information request must be served on the Commission and on the service list developed for this proceeding. Subject to the protective order described above, answers to the information requests shall be served on all parties, and on non-party participants upon request.
11. Delegate to the Executive Secretary the authority to act on subsequent procedural an notice filings and to vary the time periods established on his own motion or at the request of a party for good cause shown.
12. Direct the parties to convene settlement meetings as needed, and to submit either a settlement report or a recommended time extension by September 14, 2007. Direct Embarq to submit a written progress report on the settlement negotiations every 30 days thereafter until a settlement is reached.

P-421/AM-07-837

In the Matter of a Petition by Qwest Corporation for Reimbursement of Prior TAP Expenses

Commissioner Pugh moved to do the following:

1. Grant a variance to Minnesota Rules part 7829.3200, subpart 1, and accept the filing of Qwest Corporation (Qwest).
2. Approve Qwest's request for reimbursement of Telephone Assistance Plan (TAP) credits passed through to resellers, open a separate investigation regarding double-recovery of TAP credits, and require the Department to report its findings to the Commission within 90 days of the Commission Order in this matter.
3. Approve Qwest's request for reimbursement of administrative expenses.

The motion passed 4 - 0.

P-421/M-07-35

In the Matter of the DOC Petition for Declaratory Ruling Regarding Qwest Corporation's Compliance with Disconnection Statutes

Commissioner Pugh moved to continue the Commission's general practice of not rendering advisory opinions.

The motion passed 4 - 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: AUGUST 14, 2007

Burl W. Haar, Executive Secretary