

The Commission met on **Thursday, September 13, 2007**, with Chair Koppendrayer and Commissioners Boyd, Johnson, Pugh, and Reha present.

**Comment [COMMENT1]:** Minutes by Peter Brown. 7 motions were made.

## TELECOMMUNICATIONS AGENDA

### **P-405/AR-07-516**

#### **In the Matter of a Petition by Frontier Communications of Minnesota, Inc. for Renewal and Revision of its Revised Alternative Regulation (AFOR) Plan**

Commissioner Johnson moved that the Commission approve Frontier's July 26, 2007, Third Revised Alternative Regulation plan filed as a settlement between Frontier and the Department and the settlement agreement reached between Frontier and Verizon.

The motion was adopted, 5-0.

### **P-5692,5340,5643,5323, 465,6422//M-06-211**

#### **In the Matter of the Competitive Local Exchange Carriers' Request for Commission Approval of ILEC Wire Center Impairment Analysis P-999/CI-06-685**

#### **In the Matter of a Commission Investigation Identifying Wire Centers in Which Qwest Corporation Must Offer High-Capacity Loop or Transport UNEs at Cost-Based Rates P-421/AM-07-865**

#### **In the Matter of Qwest's Petition for Approval of 2007 Additions to Non-Impaired Wire Center List**

Commissioner Pugh moved that the Commission take action as follows:

1. regarding Agenda Item #2 (Docket Nos. P-5692,5340,5643,5323, 465,6422//M-06-211 and P-999/CI-06-685), approve the June 26, 2007 Joint Settlement of Covad Communications Company, Eschelon Telecom, Inc., Integra Telcom of Oregon, Inc., McLeodUSA Telecommunications Services, Inc., Onvoy, POPP Telecom, Qwest Corporation and XO Communications Services, Inc. (Joint Settlement); and
2. regarding Agenda Item #3 (Docket No. P-421/AM-07-865), adopt the procedures in the Joint Settlement for the filing of objections and otherwise addressing Qwest Corporation's June 22, 2007 request for determination whether the failure to provide access to certain unbundled network elements in certain wire centers would impair the ability of a carrier seeking access to provide the services that it seeks to offer and grant competitive local exchange carriers 30 days from the date of the Order approving the Joint Settlement to file objections to Qwest's request.

The motion was adopted, 5-0.

## ENERGY AGENDA

### **E-001/M-07-461**

**In the Matter of a Request by Interstate Power and Light Company for Approval of its Conservation Cost Recovery Adjustment Factor**

### **E-001/M-07-423**

**In the Matter of a Request by Interstate Power and Light Company for Approval of its DSM Financial Incentive and CIP Cost Recovery Report**

### **E-017/M-07-420**

**In the Matter of Otter Tail Power Company's Demand Side Management Financial Incentive Project, Status Report on 2006 CIP Activities, Electric utility Conservation Cost Recovery Filing, and Annual Filing to Update the CIP Rider**

Commissioner Johnson moved that the Commission take action as follows:

1. regarding Agenda Item #5 (Docket Nos. E-001/M-07-461 and E-001/M-07-423), approve
  - \$2,579,470 in 2006 electric CIP expenditures;
  - a booking of \$233,127 of financial incentives for IPL's 2006 activity;
  - a December 31, 2006 tracker balance of \$4,576,131;
  - a CCRA of \$0.00134 per kWh beginning June 1, 2007; and
2. regarding Agenda Item #6 (Docket No. E-017/M-07-420), approve
  - OTP's 2006 Tracker Activity;
  - the Company's request for a variance to Minn. Rules, parts 7820.3500 and 7825.2600;
  - approve a financial incentive of \$158,363; and
  - the CIP adjustment rate of 0.75 percent.

The motion was adopted, 5-0.

### **E-017/S-07-364**

**In the Matter of the Petition of Otter Tail Corporation for Approval of its 2007 Capital Structure and Authorization to Issue Securities**

Commissioner Reha moved that the Commission

1. approve Otter Tail's 2007 estimated capital structure, clarifying that this approval will remain effective until the Commission issues a new capital structure Order for 2008;
2. approve Otter Tail's equity ratio of 54.3 percent and a contingency range of plus/minus 10 percent around the approved equity ratio, stating further that equity ratios outside this range may not exceed a period of 60 days without prior Commission approval;

3. approve Otter Tail's proposed total capitalization of \$909.477 million with a contingency cap of 10 percent (or \$1000 million), stating further that the Company may not exceed its total capitalization including the requested contingency amount for a period exceeding 60 days without Commission approval;
4. approve any securities issuance during 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 Otter Tail 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;
6. forbid the Company to not pledge utility property or any regulated asset to secure any debt incurred.;
7. state that this approval does not imply approval of the capital structure for rate making purposes; and
8. state further that this approval does not imply approval of specific securities or cost rates for cost of capital or AFUDC calculations for ratemaking purposes.

The motion passed, 5-0.

**E-135,298/SA-05-1274**

**In the Matter of the Application of the City of Redwood Falls to Extend its Assigned Service Area into the Area Presently Served by Redwood Electric Cooperative**

Commissioner Johnson moved that the Commission reconsider the ORDER DETERMINING COMPENSATION in this case for the limited purpose of making the ministerial correction to the Order to make the mill rate for sales to the wastewater ponds 32.9 mills/kWh.

The motion was adopted, 5-0.

**E-015/SA-07-1079**

**In the Matter of the Joint Application of Minnesota Power and Mesabi Nugget Delaware, LLC for Approval of a Service Extension Pursuant to Minn. Stat. § 216B.42**

Commissioner Reha moved that the Commission refer the matter to the Office of Administrative Hearings for a contested case hearing.

The motion was adopted, 5-0.

Commissioner Johnson did not participate in the following two agenda items.

**E-002/RP-04-1752**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Application for Approval of its 2005-2019 Resource Plan**

The Commission declined to take action on the docket at this time.

**E-002/RP-04-1752**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Application for Approval of its 2005-2019 Resource Plan**

**E-002/M-07-2**

**In the Matter of Northern States Power Company d/b/a Xcel Energy's Emissions Reduction Project at the Sherburne County Generating Plant**

Commissioner Reha moved that the Commission

1. acknowledge that the circumstances surrounding Xcel's 2004 resource plan have changed due to the new legislative initiatives and that such changes may affect the Company's resource needs;
2. based on these findings, approve the following modifications to Xcel's resource acquisition proceeding schedule:
  - a. temporarily suspend the current schedule in the 375 MW baseload acquisition contested case proceeding, in Docket No. E-002/CN-06-t 518, until such time that a plan, as discussed in (e) below, is filed by Xcel and the Commission has acted on that plan;
  - b. grant Xcel's request to delay the filing date for the Environmental Improvement Rider and Capacity Expansion at Sherco Units 1, 2, & 3, in Docket No. E-002/—07-2, until at least December 14, 2007
  - c. grant Xcel's request to delay the filing date for the Certificate of Need for the Prairie Island Uprate and Additional Spent Fuel Storage, and the Certificate of Need for Monticello Power Uprate, until at least December 14, 2007;
  - d. grant Xcel's request to file its next resource plan on December 14, 2007, prior to the current due date of March 3, 2008;
  - e. require Xcel to file a plan, which clearly lays out a proposed procedure for resolving each of the temporarily suspended resource acquisition proceedings above. The plan should include explanation of why, given the Company's resource plan filing, each of the proposed procedural paths is reasonable. This should be filed December 14, 2007, the same date as Xcel's next resource plan;

3. require Xcel to address any newly legislated CO2 management and reduction goals and policies in Minnesota statute as part of its December resource plan;
4. require Xcel to consider opportunities for the installation of distributed generation in its December resource plan as required under Minn. Stat. § 216B.2426;
5. require Xcel to file the March 1, 2008 utility renewable energy plan on or before its December 14, 2007 resource plan filing; and
6. require Xcel to: (I) provide clear, consistent, and transparent information about the natural gas prices and forecasts used in its resource plan, making as much of that information public as possible, (ii) provide the results of model runs using base case, high, and low gas price assumptions, and be as clear as possible about the sensitivity of the resource outcomes to the gas price assumptions as possible, and (iii) clearly discuss why Xcel believes that its models use reasonable assumptions and produce logical results.

The motion was adopted, 4-0.

There being no further business before the Commission, the meeting was adjourned.

**APPROVED BY THE COMMISSION: SEPTEMBER 26, 2007**

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**Burl W. Haar, Executive Secretary**