The Commission met on **Thursday, March 24, 2005,** with Chairperson Koppendrayer and Commissioners Nickolai, Pugh, and Reha present.

Comment [COMMENT1]: Minutes by Peter Brown. 5 motions were made.

ENERGY AGENDA

E-017/AA-04-1845
In the Matter of Otter Tail Power Company's November 2004 Automatic Adjustment Filing

Commissioner Nickolai moved that the Commission

1. approve Otter Tail's November 2004 Automatic Adjustment Filing with the credit of $646,346.24 included;

2. require that Otter Tail's next annual auditor's report include an evaluation of the Company's accounting for costs of coal used to produce steam supplied to wholesale steam customers over the period July 1, 2004 - June 1, 2005; and

3. ask Commission staff to include the following issue to be addressed in the overcharge docket: whether the 5% threshold established in Minn. Rules, Part 7825.2920, Subp. 2 (2) remains appropriate.

The motion passed 4-0.

ET-2/CN-05-347
In the Matter of the Application of Great River Energy for a Certificate of Need for the Cambridge Peaking Plant

Commissioner Reha moved that the Commission vary Minn. Rules, part 7849.0200, subp. 5 to extend the period for Commission action on the completeness of the Great River Energy application for an unspecified but reasonable period of time, with the understanding that the meeting to review the request would be held as soon as practicable following receipt of the written comments.

The motion passed 4-0.

E-002/M-04-1970
In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy for Affirmation that MISO Day 2 Costs are Recoverable Under the Fuel Clause Adjustment Rules and Approval of Revised Fuel Clause Adjustment to Pass Through Revenue and Recover Costs Related to MISO Day 2 with Variances
E-015/M-05-277

In the Matter of a Petition by Minnesota Power for Affirmation that MISO Day 2 Costs are Recoverable Under the Fuel Clause Adjustment Rules and Approval of Revised Fuel Clause Adjustment to Pass Through Revenue and Recover Costs Related to MISO Day 2 with Variances
E-017/M-05-284
In the Matter of the Petition by Otter Tail Power for Affirmation that MISO Day 2 Costs are Recoverable Under the Fuel Clause Adjustment Rules and Approval of Revised Fuel Clause Adjustment to Pass Through Revenue and Recover Costs Related to MISO Day 2 with Variances
E-001/M-05-406
In the Matter of the Petitions by Interstate Power for Affirmation that MISO Day 2 Costs are Recoverable Under the Fuel Clause Adjustment Rules and Approval of Revised Fuel Clause Adjustment to Pass Through Revenue and Recover Costs Related to MISO Day 2 with Variances

Commissioner Nickolai moved that the Commission direct Interstate Power and Light Company, Minnesota Power, Northern States Power Company (d/b/a Xcel Energy) and Otter Tail Power Company to do the following things until such time as the Commission issues its final determinations in these proceedings:

- account for costs arising from the "Day 2 Market" of the Midwest Independent Transmission System Operator, Inc., on a net basis in Account 555 of the Uniform System of Accounts;

- recover these costs through the fuel clause adjustment (FCA) subject to refund with interest; and

- direct the utilities to maintain detailed records supporting the net amounts developed, and to provide adequate documentation with the monthly FCA filings with the Minnesota Department of Commerce to allow for proper monitoring.

The motion passed 4-0.

E-002/CN-05-123
In the Matter of the Application of Northern States Power Company (d/b/a Xcel Energy) for a Certificate of Need to Establish an Independent Spent Fuel Storage Installation at the Monticello Generating Plant

1. Commissioner Nickolai moved that the Commission accept the application as substantially complete contingent upon Xcel Energy addressing in a supplement the specific data elements and issues listed in Attachment A to Staff Briefing Papers:

   (1) the specific rule elements listed by the Energy Division of the Department of

Commerce in its February 8, 2005 comments:

- Minn. Rules, Part 7855.0270 F;
- Minn. Rules, Part 7855.0610 A,B,C,D,E,F,G,H, and I;
- Minn. Rules, Part 7855.0640 I, J, and K; and
- Minn. Rules, Part 7855.0650 G

(2) jurisdictional cost allocations, plus a quantification of Minnesota customers' rate impacts for each of the alternatives considered in the application and supplement (i.e., both for the storage facility and continued operation of Monticello and for the various possible alternatives to replace 600 MW);

(3) quantification of purported economic benefits of the Monticello plant to local communities;

(4) Load and Capability Report tables indicating projected kilowatt supply and demand for at least the "forecast years" as defined in the certificate of need and resource planning rules;

(5) a list and description of other dry storage systems, if any, in use in the United States or other countries for spent fuel from boiling water reactors, and an explanation of why they were rejected for possible use at Monticello;

(6) a discussion of age-related degradation of the plant and storage canisters, the review processes of the NRC for considering such degradation, and procedures for dealing with a canister problem once it has been placed in the storage vault;

(7) an analysis of the costs of long-term storage of spent fuel (e.g., 50, 100, and 200 years) that would result from 20 years of operation of a re-licensed Monticello plant, indicating the types of and costs of actions that might be necessary (e.g., if relevant, replacement of storage system components, movement of the canisters back to the pool, construction of any other needed facilities, and any additional security measures after the plant is shut down);

(8) a discussion of radiation monitoring for the Monticello plant, an indication of dispersion patterns for routine radiation releases from the plant, and a comparison of monitoring results with the established federal standards;

(9) additional information regarding the re-racking alternative, including an indication of likely cost and a discussion of the implications for storage and/or disposal of the discarded racks;

(10) analysis of a combined wind power and gas-fired power alternative for replacing Monticello's capacity, including an indication of the amount of each component that would have to be added to the system, a discussion of the feasibility/availability of such a combination, and appropriate information in the areas of cost, reliability, and environmental effects;

(11) analysis of at least one representative "community-based" alternative for replacing Monticello's capacity, consisting of a reasonable combination of smaller sources (e.g., demand-side management, wind power, and any other distributed generation sources), including a discussion of the feasibility/availability of such a combination, as well any available and pertinent information in the areas of cost, reliability, and environmental effects;

(12) a summary of information included in the Company's reply comments that are deemed to have evidentiary value;

2. modify #6 in Attachment A: the Company will supplement concerning the storage canisters and will notify all the individuals who received a copy of the Certificate of Need Application in this proceeding of the information concerning the age-degradation that is in the Company's application to the Nuclear Regulatory Commission and to the extent possible indicate where in the NRC application to find it;

3. refer the docket to the Office of Administrative Hearings to hold a contested case proceeding which would allow the Commission and the assigned administrative law judge to schedule a prehearing conference as soon as possible.

The motion passed, 3-1. Commissioner Pugh voted no.

Commissioner Nickolai moved that the Commission take action as follows:

1. regarding a second comment period following the Environmental Quality Board's (EQB's) Scoping Decision for the Environmental Impact Statement (EIS), decline to order a second comment period at this time, on the basis that needed procedures will become much clearer once a supplement is submitted and the EQB's scoping review is nearer to completion;

2. regarding a variance to the 80-day requirement of Minn. Rules, Part 7855.0200, Subp. 5, vary the 80-day requirement, to ensure that the parties and the administrative law judge have sufficiently flexibility in setting a hearing schedule to ensure due process; and

3. include in one of the Orders coming out of this meeting:

(a) notice of a prehearing conference (with a specified date, time, and location to be determined by the Administrative Law Judge and Commission staff);

(b) the name and telephone number of the Commission employee

(David Jacobson, 651-297-4562) designated to facilitate citizen participation in the process; (c) a request that the Department of Commerce continue to study the issues and indicate during the hearing process its position on the reasonableness of granting a certificate of need to the Company;

(d) a requirement that the Applicant facilitate in every reasonable way the continued examination of the issues by the Department of Commerce and the Environmental Quality Board;

(e) a directive that Commission staff work with the Administrative Law Judge in selecting suitable locations for the public and evidentiary hearings on the application; and

(f) a directive that the Applicant provide notice of the public and evidentiary hearings in newspapers of general circulation at least ten days prior to the start of the hearings, that such notice be in the form of visible display ads, that the applicant obtain proofs of publication of such ads from the newspapers selected, and that the applicant consult with Commission staff on the timing, text, and distribution of such ads prior to publication.

The motion passed 4-0.

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

APPROVED BY THE COMMISSION: APRIL 6, 2005

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Burl W. Haar, Executive Secretary