

The Commission met on **Thursday, March 31, 2005**, with Chair Koppendray and Commissioners Nickolai, Pugh and Reha present.

Comment [COMMENT1]: Minutes by Peter Brown. 4 motions were made.

ENERGY AGENDA

E,G-001/D-05-295

In the Matter of Alliant Energy - Interstate Power Company's petition for a 90-day extension in filing its Five-Year Depreciation Review

E,G-001/D-04-501

In the Matter of Alliant Energy - Interstate Power and Light Company's Certification of Depreciation Rates for 2004

Commissioner Pugh moved that the Commission grant the requested 90-day extension of IPL's annual filing to June 30, 2005, the due date for the 2005 five-year depreciation study.

The motion passed 4-0.

G-022/GR-04-667

In the Matter of a Petition by Greater Minnesota Gas, Inc. for Authority to Establish Natural Gas Rates in Minnesota

Commissioner Nickolai moved that the Commission take the following actions:

1. accept the recommendation of the Administrative Law Judge to allow Greater Minnesota Gas, Inc. (GMG) to continue charging its current rates, to adopt the recommendations in the Department's final rate review status report, and to adopt any other recommendations, as appropriate, from the Department's previously issued second rate review status report;
2. adopt the following recommendations from the Department's reports:
 1. for the purpose of determining test-year revenue deficiency, deny \$11,700 of CIP expenses designated for incentives to customers switching from propane to natural gas;
 2. for the purpose of determining test-year revenue deficiency, deny \$530 in depreciation expense based on the Commission-approved depreciation rates;
 3. for the purpose of determining test-year revenue deficiency, deny \$1,000 in marketing expenses for the Company's marketing program, which involves load building;
 4. for the purpose of determining test-year revenue deficiency, allow additional regulatory expense of \$8,449 due to a typographical error in the proposed amount;
 5. require that a separate account be established for regulatory expenses beginning in 2004;
 6. for the purpose of determining test-year revenue deficiency, reject the Company's

- proposal to include expenses for country club member dues of \$554;
7. require that the Company keep a record of bad debt expenses so that at the time of the Company's next rate case, an average amount can be identified;
 8. require that at the time of the next rate case, GMG provide a study identifying the incremental costs of providing service upon which a flexible rate can be established;
 9. require that Greater Minnesota keep records to show in its next rate case that it has correctly and consistently applied its extension tariffs and that it has appropriately accounted for extension costs added to plant;
 10. require GMG to provide in future rate case filings the following information for each customer class adjusted for billing errors:
 - the billing-cycle sales (energy use);
 - billing-cycle number of customers; and
 - billing-cycle weather data (heating degree-days).
 11. for the purpose of determining test-year revenue deficiency, require an allocation to GMS of payroll taxes and retirement benefits of \$10,000;
 12. require the Company to provide the following at the time of its next rate case filing:
 - Consolidated Balance Sheets for the base year and projected test year in a format similar to the Consolidated Balance Sheets included in the Company's August 6, 2004 Supplemental filing;
 - Consolidated Income Statements for the base year and projected test year in a columnar format similar to the Consolidated Income Statements included in the Company's August 6, 2004 Supplemental filing and line item format similar to the GMG Statements of Income included in Attachment 9 of the Company's initial rate case filing; and
 - a description of the methods and factors used to assign each cost or revenue to GMG and/or GMS, as well as the dollar amount of each cost or revenue assigned to each company by each method;
 13. require that in the Company's next rate case, should Greater Minnesota wish to continue to have separate rate areas, the Company include in its next rate case filing a CCOSS for each rate area as well as an overall CCOSS for the entire regulated natural gas utility; if consolidation of any of its rate areas is proposed in Greater Minnesota's next rate case, a CCOSS must be provided for the consolidated areas; additionally, an overall CCOSS for the entire regulated natural gas utility would be required if different from the consolidated CCOSS;
 14. require GMG to submit a compliance filing within 30 days of the Commission's order that addresses each of the statutory and rule requirements listed below:

- Minn. Rules, part 7820.1200 (Temporary Disconnection of Service);
- Minn. Rules, part 7820.1300 (Nonpermissible Reasons to Disconnect Service);
- Minn. Rules, part 7820.1400 (Landlord-Tenant Rule);
- Minn. Rules, part 7820.1750 (Deposits and Delinquency Charges Prohibited);
- Minn. Rules, part 7820.1800 (Cold Weather Disconnection Restriction);
- Minn. Rules, part 7820.1900 (Notices of Disconnection, Customer Rights and Declarations, and Assistance; Appeal);
- Minn. Rules, part 7820.2000 (Determining Inability to Pay or Plan Eligibility)
- Minn. Rules, part 7820.2100 (Payment Schedule)
- Minn. Rules, part 7820.2150 (Ten Percent Payment Plan Appeals);
- Minn. Rules, part 7820.2200 (Disconnection of Potentially Unoccupied Units);
- Minn. Rules, part 7820.2300 (Reconnection at the Beginning of Cold Weather Months);
- Minn. Rules, part 7820.2400 (Notice Requirements);
- Minn. Rules, part 7820.2500 (Manner of Disconnection);
- Minn. Rules, part 7820.2700 (Disputes);
- Minn. Rules, part 7820.2800 (Escrow Payments for Disputes);
- Minn. Rules, part 7820.2900 (Waiving Right to Disconnect; Emergency Status);
- Minn. Rules, part 7820.3200 (Billing Basis);
- Minn. Rules, part 7820.3500 (Billing Content);
- Minn. Rules, part 7820.3900, subp. 1 (Meters too Fast or too Slow) and subp. 4 (Failure to Check Faulty Meter);
- Minn. Rules, part 7825.2700, subp. 8 (Refunds); and
- Minn. Stat. §325E.02(b) (Customer Deposits);

3. require GMG to file within 30 days a compliance filing including the following items:

- a. a proposed customer notice clearly explaining final rates, and the revised customer bill format;
- b. revised tariff sheets incorporating the decisions in this docket including the following revisions to the Company's purchased gas adjustment clause on proposed Sheet No. 18, Section V, of its Gas Rate Tariff Book:
 - line 5, replace "ad" with "as";
 - line 8 and 9, delete the words "from time to time";
 - line 14, replace "MPUC Rule 7825.2400." with "MPUC Rule, parts 7825.2400 and 7825.2700, subpart 5.";
 - line 19, replace "\$0.004 per Ccf" with "\$0.003 per Ccf" (Pursuant to MPUC Rule 7825.2700, subpart 3);
 - line 19, add "Monthly PGA reports are filed monthly with the Minnesota Department of Commerce."
 - line 31, replace "cot" with "cost".

4. require GMG to file within 30 days a revised base cost of gas and supporting schedules incorporating any changes made as a result of this rate case, and automatic adjustments establishing the proper adjustments to be in effect at the time final rates become effective;

5. require GMG to file within 30 days copies (revised as necessary) of all standard customer service agreements and contracts for inclusion in its tariff book;
6. require GMG to file within 30 days a revised customer bill format, and to implement the new format at the same time as its final rates and tariffs in this docket;
7. set a 30-day comment period on the filings required above, running from the date on which the filing is made; and
8. require GMG to begin prorating its PGA billing rates as of July 1, 2005.

The motion passed 4-0.

E-002/M-04-1956

In the Matter of a Petition to Revise Xcel's Low-Income Discount Program to Comply with Modifications in Minnesota Statute 216B.16, Subd. 14.

Commissioner Nickolai moved that the Commission

4. determine that the amount of funds available for the discount program of Northern States Power Company d/b/a Xcel Energy (Xcel) be the amount currently received from the surcharge which is \$0.39 per month for all Xcel customers paying a Customer Service Charge;
5. determine that the surcharge on the Customer Service Charge is fixed until Xcel can demonstrate that the funding under the statute methodology would require additional funding;
6. approve the discount program proposed by Xcel, including the proposed guidelines for affordable payment and arrears forgiveness;
7. direct Xcel to consult with the Minnesota Department of Commerce, the Energy Cents Coalition, Commission staff and any other appropriate interested parties if the program or guidelines need to be revised in the future;
8. direct Xcel to establish an annual budget for the discount program based on the approved funding method;
9. determine that if any of the budget remains unspent at the end of the year that it may be used as a supplement benefit for eligible participants;
10. determine that if the budgeted amount (or tracker account balance) is overspent in any year that the spending available in the following year will be reduced by the amount of the overspending;
11. modify the current reporting standards to include participation costs, average benefit per household, company residential disconnection statistics compared to participant number of disconnections and referrals to conservation initiatives, the total amount of remaining funds in the tracker, the amount of supplemental benefits per recipient, and the average bill per recipient;

12. delete the last sentence of paragraph 8 under Terms and Conditions of Service that states: "For the 1994 LIHEAP [Low Income Home Energy Assistance Program] fiscal year, the applicable discount will become effective January 1, 1995;" and
13. authorize Xcel to release the discount funds for the current program year as soon as practicable in accordance with this motion.

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

1. find the application substantially complete as of March 30, 2005, the date the supplementary material was filed with the Commission;
2. require a contested case proceeding on the merits of the Company's filing; and
3. to facilitate the orderly and expeditious processing of the application, include in the Orders coming out of this meeting the following:
 - 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 (i.e., David Jacobson) designated to facilitate citizen participation in the process;
 - c) a request that the Department of Commerce continue to study the issues and provide testimony on the reasonableness of granting a certificate of need to the Applicant;
 - d) requirement that the Applicant facilitate in every reasonable way the continued examination of the issues by the Department of Commerce, the Environmental Quality Board, and other intervening parties;
 - 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;
 - f) a requirement that the Applicant provide direct mail notice of the public and evidentiary hearings to any landowners whose land may be needed to accommodate construction of the proposed facility, at least ten days prior to the start of the hearings; and

g) a directive that the Applicants provide, in addition to any direct mail notice, 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; and

3. in response to GRE's request for a joint hearing on need and siting, agree to hold a joint hearing, finding that it likely would be feasible, more efficient, and more consistent with the public interest than would separate need and siting hearings.

The motion passed, 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: APRIL 13, 2005

Burl W. Haar, Executive Secretary