

The Commission met on **Thursday, July 14, 2005**, with Chair Koppendray and Commissioners Johnson, Nickolai, Pugh and Reha present.

Comment [COMMENT1]: Minutes by Eric Witte, Carol Casebolt and Peter Brown. 13 motions were made.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS

P-421/AM-05-674

In the Matter of Qwest's Petition for Permanent Waiver of the Annual Audit of the Local Network Investment Requirement

Commissioner Johnson moved to adopt the recommendation of the Minnesota Department of Commerce (the Department) to approve the request of Qwest Corporation (Qwest) to waive the requirement to audit annually its local network investments.

The motion passed 5-0.

P-421/AR-97-1544

In the Matter of Qwest's Alternative Form of Regulation (AFOR) Plan

Commissioner Reha moved –

1. to amend Qwest's Modified Alternative Form of Regulation Plan for the State of Minnesota (January 11, 1999) ("AFOR Plan"), Appendix B, part IV ("Penalties"), to remove the requirement that the Telecommunications Fund balance reach \$500,000 before the Department solicits proposals for using the funds, and
2. to direct the Department to begin the process to disburse all the funds that will accumulate in the fund pursuant to the AFOR Plan, including the process of preparing a request for proposals with appropriate parameters.

The motion passed 5-0.

PT-6438, 6439/PA-05-425

In the Matter of the Joint Application of Verizon Communications, Inc. and MCI, Inc. for Approval of Agreement and Plan of Acquisition Pursuant to Minn. Stat. §§ 237.23 and 237.74, Subd. 12

Commissioner Pugh moved –

3. to approve the acquisition of MCI, Inc. (MCI) and its Minnesota operating subsidiaries by Verizon Communications, Inc. (Verizon),
4. to require Verizon to file a notice of consummation of the merger within 20 days of the confirmation of the Merger Agreement; and

5. to provide that MCI and its Minnesota operating subsidiaries will continue to operate under their current authorities.

The motion passed 5-0.

PT-6432, 6433/PA-05-349

In the Matter of the Joint Application of SBC Communications Inc. and AT&T Corp. for Approval, to the Extent Necessary, of Agreement and Plan of Merger

Commissioner Nickolai moved –

1. to approve the merger of SBC Communications, Inc. (SBC) and AT&T Corp., including the indirect transfer of control of AT&T Communications of the Midwest, Inc. and TCG Minnesota, Inc. from AT&T Corp. to SBC Communications, Inc.,
2. to require SBC to file a notice of consummation of the merger within 20 days of the confirmation of the Merger Agreement, and
3. to require AT&T Communications of the Midwest, Inc. and TCG Minnesota, Inc. to continue to operate under their current authorities conferred by the Commission and meet all obligations arising from pre-existing dockets.

The motion passed 5-0.

P-999/M-05-741

In the Matter of Possible Changes to the Commission's Annual Certification Requirements Related to Eligible Telecommunications Carriers' Use of the Federal Universal Service Support

Commissioner Nickolai moved to do the following:

1. Require Minnesota Eligible Telecommunications Carriers (ETCs) to comply with the annual certification requirements recommended by the Federal Communications Commission (FCC), beginning with the filings made in 2006, with the modification that progress reports shall relate to two-year service quality improvement plans, not five-year plans, and that information shall be provided on a state-wide basis instead of on a wire center basis.
2. Require Minnesota ETCs to submit the results of their income-eligibility verification processes on the same date as annual certification filings are due.
3. Revise the schedule for certification petitions due in 2006 as follows:
 - June 1 – ETC certification petitions
 - August 1 – Initial Comments
 - August 20 – Reply Comments

- October 1 – Commission Certification to FCC
4. Open a separate docket to consider the adoption of the FCC-recommended designation requirements.
 5. Clarify that ETCs who receive no support from the Universal Service Fund need not file certification petitions.

The motion passed 5-0.

ENERGY

E-999/CI-05-973

In the Matter of the Wind Integration Study Required by Minnesota Laws 2005, Chapter 97, Article 2, Section 6

Commissioner Nickolai moved to do the following:

1. Order all electric utilities as defined in Minnesota Statutes § 216B.1691, subdivision 1(b), to participate in the statewide wind integration study required under Minnesota Laws 2005, Chapter 97, Article 2, § 6.
2. As part of their participation in the study, direct the covered electric utilities –
 - to contract jointly with an independent firm selected by the Reliability Administrator to conduct the study;
 - to cooperate with the firm conducting the study by providing requested data as promptly as technically feasible; and
 - to cooperate with the firm conducting the study and with the Reliability Administrator by responding to other requests related to conducting the study and completing it by November 30, 2006.
3. For implementation of the study, direct the covered electric utilities –
 - to use the study's results to estimate how electric rates would be affected by increasing wind capacity to 20 percent while maintaining current levels of reliability, and to share these estimates with the Department's Commissioner and the Commission, and
 - to incorporate the study's findings into resource plans filed with the Commission under Minnesota Statutes § 216B.2422 and renewable energy objectives reports filed with the Commission under Minnesota Statutes § 216B.1691, subdivision 3.

The motion passed 5-0.

G-001/M-04-673

In the Matter of a Request by Interstate Power and Light Company for a Shared Savings Demand Side Management Financial Incentive Based on the Performance of the Company's Gas Conservation Improvement Program in 2003

Commissioner Johnson moved to do the following:

5. Approve a 2003 Demand-Side Management financial incentive for Interstate Light and Power Company of \$84,972 and allow the Company to record that amount in its Conservation Improvement Program (CIP) tracker account as of the date of the Order in this docket.
6. Disallow from inclusion in the Company's CIP tracker account \$11,421 of incentive expenditures relating to the Company's Shared Savings Projects L-10G, S-2G and S-5G.

The motion passed 5-0.

G-011/M-04-1767

In the Matter of the Petition for Approval of a Change in Demand Entitlement on Viking Gas Transmission Pipeline System

Commissioner Johnson moved to –

1. approve the proposed demand entitlement plan; and
2. approve the purchased gas adjustment (PGA) recovery of the costs associated with the demand entitlement level which People's Viking system customers pay, effective November 1, 2004.

The motion passed 5-0.

04-78-GEN-Minor Alteration

In the Matter of a Request by Xcel Energy for a Minor Alteration Permit for the Expansion of the Eastwood Substation and for the Wilmarth to Eastwood Line Upgrade and Construction, Located in Blue Earth County, Minnesota

Commissioner Reha moved to –

1. approve the project as a minor alteration and
2. authorize Xcel Energy to proceed with the proposed project as described in its application.

The motion passed 5-0.

E-002/M-05-613

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

Commissioner Pugh moved to do the following:

1. Regarding the request to extend variances, accept the Department's recommendation, extending the variances permitting the forecasted fuel clause adjustment methodology until July 15, 2006, as detailed on pages 14 and 15x of the Department's comments, with the exception of items 2.(f), (g), and (h).
2. Regarding compliance and future filings, direct the filing of updated tariff sheets within 15 days of the date of the Order in this proceeding and direct Xcel Energy to file, by April 15, 2006, its request for extension should it desire to continue the forecasted methodology beyond July 15, 2006.

The motion passed 5-0.

E-002/M-00-1583

In the Matter of a Request by Northern States Power Company d/b/a Xcel Energy for Approval of a Renewable Development Fund Oversight Process

Commissioner Nickolai moved to do the following:

3. Approve recovery of additional funds requested from the Fund for Xcel Energy's administrative expenses (*e.g.* administrative expenses for grant contract development and grant administration, including monitoring and evaluation). These additional administrative expenses are approved for recovery on a short term basis, until September 30, 2006, with the understanding that Xcel Energy will not hire additional staff on a permanent basis, and that total administrative expenditures will continue to remain within the cap set by the Commission in its April 20, 2001 Order in Docket No. E-002/M-00-1583. These monies may also be spent as necessary to address longer-term issues such as the purpose and goals of the Fund and project management processes.
4. Require Xcel Energy to report back to the Commission, on or before December 1, 2005, with recommendations on the long-term issues listed below. Xcel Energy should include the Board, the Institute for Local Self-Reliance, and the Minnesota Chamber of Commerce, as well as the Department and Commission staff, in the discussions of these issues:
 - purpose and goals of the Fund,
 - long-term (future) administration and organizational structure of the Fund, including Board composition,

- administrative cost cap levels,
 - measurement and evaluation of Fund performance, and
 - public access to project information and results.
3. Make Xcel Energy's report and any recommendations (including any minority comments) publicly available, and solicit comment, prior to Commission consideration.
 4. Accept the proposal in the stakeholder report for improvement of the project management system used for the Renewable Development Fund, and require Xcel Energy to keep the Department and Commission informed of the status of grant contracts and amendments through quarterly reports.

The motion passed 5-0.

E-002/M-05-113

In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy to Modify the Special Facilities Provisions of the Standard Installation and Extension Rules

Commissioner Johnson moved to reject the petition and to encourage Xcel Energy to address the issue of the Dual Feeder service in its next rate case.

The motion passed 4-1. Commissioner Reha voted no.

E,G-002/M-04-1682

In the Matter of the Petition of Xcel Energy for a Declaratory Ruling Regarding Shared Metering Tariffs

Commissioner Reha moved to accept the Shared Meter Agreement dated July 12, 2005, to do the following:

3. Temporarily suspend the back-billing requirement of the gas and electric Shared Meter tariffs of Northern States Power Company d/b/a Xcel Energy (Xcel Energy).
4. Immediately make the landlord the bill payer of record if a Shared Meter situation is discovered as a result of a Shared Meter investigation, a High Bill investigation, or a credit shut-off. Immediately restore service to a customer if a Shared Meter situation is discovered when service is terminated due to a customer credit issue.
5. Make the landlord responsible for paying any arrears arising from usage at a single-metered residence if a Shared Meter situation is discovered, but leave the customer responsible for arrears arising from service at any previous residence.
6. Initiate a Commission work group to establish a legislative or regulatory solution to the Shared Meter issue for all Minnesota utilities. The group would report the solution to the Commission within one year. However, if individual participants of the work group become concerned that their constituents are suffering too adversely during the

proceedings of the work group, they could raise these issues directly with the Commission outside of the work group process anytime during the one-year study.

7. Add the following underlined text to Xcel Energy's Minnesota Gas Rate Book, MPUC No. 2, Section 6 (General Rules and Regulations), to conform Xcel Energy's gas tariff to its electric tariff: "The Company permits redistribution and submetering where allowed by law, but a landlord may not charge the tenants more than the landlord is charged by the Company."

Commissioner Reha further moved to authorize the Executive Secretary to oversee the work group's procedural aspects, including giving notice of the group's first meeting.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: JULY 27, 2005

Burl W. Haar, Executive Secretary