

The Commission met on **Thursday, February 12, 2004**, with Chair Koppendrayer and Commissioners Johnson, Nickolai, Reha and Scott present for items before the lunch break and Chair Koppendrayer and Commissioners Johnson, Nickolai, and Scott present for the items following lunch.

Comment [COMMENT1]: Minutes by Ann Pollack. 10 motions were made.

ENERGY AGENDA

E-017/D-03-1555

Otter Tail Power Company's Request for Approval of Five-Year Depreciation Study

Commissioner Koppendrayer moved that the Commission take the following action:

- certify the proposed service lives, net salvage values, and resulting depreciation rates;
- require Otter Tail to provide in the next remaining life petition a schedule and narrative explaining any differences between the lives of facilities in the most recent resource plan and the remaining life petition;

The motion passed 5-0.

E-002/CN-04-76

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for a Certificate of Need for a Large Electric Generating Facility

Commissioner Nickolai moved to vary Minn. Rules 7849.0200, subp. 5 to extend the period for Commission action on the completeness of the Xcel 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 5-0.

ET-9/RP-03-966

In the Matter of the 2003-2018 Integrated Resource Plan of Southern Minnesota Municipal Power Agency

Commissioner Reha moved that the Commission take the following action:

2. Accept the proposed resource plan of the Southern Minnesota Municipal Power Agency (SMMPA) as meeting the requirements and guidelines of the applicable statutes and rules, including SMMPA's planning approach, its energy and peak-demand forecasts, and its proposed action plan.

3. Advise SMMPA to adopt the following actions recommended by the Minnesota Department of Commerce (the Department):
 - Include member curtailments and reductions to the contract rate of delivery as supply-side resources in preparing SMMPA's next integrated resource plan (IRP);
 - explore new demand-side management projects and technologies that can be incorporated into its next IRP;
 - strive for continued movement toward rates that are more cost-based for SMMPA members and continued assistance to members in standardizing rate classifications for retail customers;
 - continue to look for the best alternative available for acquiring wind power, as the "build and own" strategy may not always be appropriate;
 - continue to ensure that the wind power premium is reflective of the actual cost of wind power, sending the proper price signals to customers;
 - update SMMPA's historical information in developing a band for peak demand to include information on any extreme weather for member systems in more recent years; and
 - continue to assess future generation needs and factor renewable options into SMMPA's ongoing bidding process.

3. Direct SMMPA's to include in its next resource plan filing –
 - a report on the outcome of the wind marketing efforts through SMMPA's members and to residential customers;
 - a report on the number and size of wind generators that are requested to be added to SMMPA's system between this and the next IRP, along with a discussion of issues associated with the wind resources;
 - an executive summary of the results of the resource bidding process, including an explanation of and support for the decision process used to select ultimate generation resources;
 - a report on the results of SMMPA's assessment of future generation needs; and
 - additional information on future alliances and potential future alliances with other entities.

4. Vary Minnesota Rules part 7843.0300, subpart 2, and delay the filing date to July 1, 2006.

The motion passed 5-0.

G-007,011/CI-02-1369

In the Matter of an Inquiry Into Possible Effects of the Financial Difficulties at Aquila, Inc. on Peoples Natural Gas Company and Northern Minnesota Utilities Company and Their Customers

Commissioner Scott moved that the Commission

1. accept Aquila's plan as filed and the agreed upon revisions to the way Gas System Damage and Gas Service Interruptions are reported with the understanding that the Company will work with the Department and Commission Staff to implement the following in the next reporting period:
 - a. more detailed customer complaint information (closer to or consistent with the Commission's Electric Utility Standards rule) and
 - b. reports on Aquila's emergency gas response times;
2. ask the Department and any other interested party to review and comment on Aquila's quarterly filings no later than February 28th of each year (or on some other schedule to be determined); the first set of comments under this schedule would be due on February 28, 2005; and
3. delegate authority to the Commission's Executive Secretary to vary the time periods established by this Order.

The Motion passed 5-0.

E-103/02-105

In the Matter of the Complaint of Energy Cents Coalition Against Beltrami Electric Cooperative

Commissioner Scott moved that the Commission take the following actions:

1. Accept all the recommendations of the Department, set forth in brief below, requiring Beltrami Electric Cooperative to take the following actions:
 - a. Develop a policy regarding the use of service limiters that takes into account recent legislation. The policy should be developed without discrimination and with the input of low-income members. Once developed, the policy should be widely communicated and strictly followed.

- b. Inform customers of both the law and BEC's policy regarding the use of service limiters in the "Northern Lights" in the same issue as the annual Cold Weather Rule notice and through a separate mailing to members.
- c. Regularly remind and inform its members of the membership refund policy.
- d. Stop charging tenants for the past due amounts of landlords. Provide a refund to customers who paid the outstanding bill of his or her landlord from May 2001 to the present.
- e. Inform customers of the importance of notifying the utility in the case of a change in address.
- f. Revise Policy #206 to accurately reflect the utility's actual practice regarding service deposits.
- g. Highlight the line item on a customer's bill indicating a deposit refund or enclose a bill stuffer that informs the customer that the current bill includes a service deposit refund.
- h. Revise written policies regarding payment plans. Train staff to implement the new policies. The revised policies should clearly address treatment of 60 days or more past due amounts and must comply with Minnesota Statutes 216B.097 and 216B.098.
- i. Change collection procedures during the cold weather rule season to allow the required 15/20 days between providing the required information and the disconnection date.
- j. Re-evaluate the current policy of issuing disconnection notices when there is no intention of following through with the disconnection.
- k. Continue providing information on Past Due and Late Notices stating the consequences of non-payment including the collection\disconnection\reconnection fees charged if a disconnection trip is made.
- l. The Membership Agreement should include a statement authorizing BEC to release account information to EAP agencies when arrearage is 60 days or more past due.
- m. Revise current policies regarding late fees and penalty fees.
- n. Initiate payment agreements with members. There is more BEC can do to

help its members pay their bill. Throughout the investigation BEC has indicated that they just want the customer to contact them. If, during the cold weather rule season, BEC attached a payment plan indicating the customer will not be disconnected if they agree to pay a lesser amount than the total amount due, more customers might contact the utility.

- o. Comply with Minnesota Rules, part 7820.1750. *Deposits & Delinquency Charges Prohibited.*
2. Require the cooperative to identify and list all security deposits from Red Lake customers that exceed the amount of two months' average bills.
3. Require the cooperative to search its records and identify all cases in which a Red Lake customer, at the request or insistence of cooperative personnel or as a condition of receiving service, paid the past due bill of a landlord, a relative, or any other person with whom the customer did not reside at the time that the bill was incurred.
4. Require the cooperative to answer questions designed to permit direct comparisons between Red Lake customers and other cooperative customers and between the cooperative's treatment of Red Lake customers and its treatment of other customers, including, at a minimum, questions regarding energy and non-energy charges and questions regarding service deposits obtained and refunded.
5. Require the cooperative to continue serving Red Lake customers, and to serve them in a non-discriminatory manner, throughout the course of this proceeding, all related proceedings, and all proceedings, investigations, negotiations, administrative actions, and community activities that relate to this complaint or to its underlying issues.
6. Require the cooperative to make a compliance filing within 60 days of the date of the Order in this case detailing and documenting the actions it has taken to comply with the above requirements, providing the information required above, and identifying any future actions it intends to take to ensure compliance with the above requirements.

The motion passed 5-0.

At this point the Commission adjourned for lunch. The meeting resumed after lunch with Chair Koppendrayer and Commissioners Johnson, Nickolai, and Scott present. At that time the Commission took up the following items.

E-002/M-03-1882

In the Matter of the Petition to Determine Eligibility for Recovery Under Tracker Account

and RCR Adjustment

Commissioner Nickolai moved to approve the petition as recommended by the Department, with the clarification that (1) this is the first step in a two-step approval process; and (2) the second step of the approval process will address what portion of the costs of these projects are properly allocable to renewable generation and what portion of the costs of these projects should be recoverable through the tracker account and the Renewable Cost Recovery adjustment mechanism.

The motion passed 4-0.

G-002/M-99-248

In the Matter of the Annual Report of Northern States Power Company d/b/a Xcel Energy Regarding the Miscellaneous Deferred Debit Account for Manufactured Gas Plant Investigation and Cleanup Costs

Commissioner Nickolai moved to accept the Department's recommendations as clarified in its January 30, 2004 reply and terminate the deferred accounting for the gas utility. This entails including related insurance proceeds in the deferred account and writing off the balance of the deferred account.

The motion passed 4-0.

E-002/C-03-1869

In the Matter of a Complaint by Myer Shark Regarding a Surcharge Addition to Xcel Energy's Customer Charge

Commissioner Nickolai moved that the Commission decline to take up the matters raised by Mr. Shark and close the instant docket.

The motion passed 4-0.

E-002/M-03-1557

In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy to Increase Rates for the Recovery of the Low Income Discount Program Costs

Commissioner Nickolai moved that the Commission take the following action:

- approve the Company's request to increase the cost recovery rate for the Low Income Discount Program by \$0.03 per month, increasing the surcharge included in the monthly customer charge from \$0.36 to \$0.39 for all customer classes, effective the date of the Commission's Order;

The motion passed 4-0.

E-002/RP-02-2065

In the Matter of Northern States Power Company d/b/a Xcel Energy's Application for Approval of its 2003-2017 Resource Plan

Commissioner Nickolai moved that the Commission take the following action:

1. Grant Xcel's request to withdraw its pending resource plan. (Hold the current resource plan docket (E-002/RP-02-2065) open for information requests and any other actions the Commission requires as a result of this meeting.)
2. Grant a variance from the two-year requirement of Minnesota Rules, part 7843.0300, subp. 2, and designate November 1, 2004 as the filing date for Xcel's next resource plan. (Require Xcel to re-file, in the November 2004 resource plan, any filing requirements from the Commission's August 29, 2001 resource plan Order, in Docket No. E-002/RP-00-787, and any other filing requirements that were included in the 2003-2017 resource plan in response to Commission directives.)
3. Grant Xcel's request to withdraw its earlier proposal for approval to issue an RFP in 2005. Require Xcel to provide the Commission with the Company's re-evaluation of the need for the next solicitation at least 90 days prior to filing its next RFP with the Commission.
4. Require Xcel to fully meet, in a timely manner, all outstanding ordering requirements, which apply to the next RFP and all source bid, including those required in the Commission's March 6 and November 19, 2003 Orders in Docket No. E-002/M-01-1618.
5. Direct Xcel to immediately begin stakeholder discussions to re-examine the competitive bidding process, the use of the competitive bidding process, and the use of other processes for acquiring baseload and other resources. The first step will be the establishment of a roadmap for these discussions, including among other issues the timing and number of meetings, issues to be discussed, and stakeholders to be represented. This roadmap will be filed at the Commission, for informational purposes, by March 31, with stakeholder meetings to begin shortly thereafter. Department and Commission staff are to be included in these meetings.

6. Require Xcel, in the November 2004 resource plan filing, to address the issue of what it considers the appropriate level of natural gas fired facilities on its system over the planning period. Require Xcel to include also the natural gas planning information described on page 23 of the briefing papers.
7. Require Xcel to report back to the Commission in writing on the results of the MISO Facility Study (referenced in the Company's November 10 filing) and its implications for future resource acquisitions, within 20 days of receiving the study.
8. Request that the DOC conduct an analysis of the bidding process as used in other jurisdictions so as to help inform the stakeholder process of what was found out about what works and what doesn't work in the bidding process, as it relates to both baseload and other kinds of acquisitions.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: FEBRUARY 19, 2004

Burl W. Haar, Executive Secretary