

The Commission met on **Thursday, March 18, 2004**, with Chairperson Koppendraye, and Commissioners Johnson, Reha and Scott present.

Comment [COMMENT1]: Minutes by Peter Brown. 2 motions were made.

ENERGY AGENDA

E,G-002/S-03-1760

In the Matter of Northern States Power Company's Request for Approval of its 2004 Capital Structure Prior to Issuing Securities

Commissioner Johnson moved that the Commission adopt the Department's recommendation to

1. approve NSP's December 31, 2004 capital structure; this approval will remain in effect until the Commission issues a new capital structure order or March 31, 2005, whichever comes first;
2. approve a contingency range of +/- 10 percent around the equity ratio of 48.1 percent (i.e., a range from 43.27 percent to 52.91 percent);
3. approve a total capitalization contingency of \$462 million (i.e., a total capitalization of \$4,200 million);
4. approve issuance of short-term debt not to exceed 15 percent of NSP's total capitalization;
5. approve NSP's flexibility request to issue securities provided that the Company remain within the contingency ranges or does not exceed them for more than 60 days;
6. approve NSP's flexibility to use risk management instruments that qualify for hedge accounting treatment under SFAS No. 133.
7. permit NSP to borrow from its parent only as the result of a future Commission approved affiliated interest Money Pool Agreement.
8. continue to include in NSP's 2004 Capital Structure Order the two specific filing requirements addressed in NSP's petition from the Commission's January 13, 2003 Order in Docket No. E,G-002/S-02-1907 —
 - a) Order Paragraph 1, last bullet on page 4, which states: This approval is limited to security issuances actually contained in the filing including: short-term debt not to exceed 15 percent of total capitalization, the replacement of maturing securities, and the replacement of outstanding long-term debt instruments with less expensive securities that will be replaced dollar-for-dollar, plus the associated fees and issuance expenses; and
 - b) Order Paragraph 2,h on page 4, which requires NSP to provide the following

information: 1) monthly reports on NSP's actual year-to-date capital structure; and
2) monthly updates to its service quality plan for the rest of 2004 rather than annually as now required; and

9. approve Xcel's renewal or replacement of its \$275 million 364-day revolving credit facility with a debt instrument that includes an extension or "roll-over" right.

The motion passed 4-0.

E,G-002/M-03-1544

In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy for Approval of an Electric and Gas State Energy Policy Rate Rider

Commissioner Koppendraye moved that the Commission adopt the Department's recommendations with clarifications:

Department Recommendations

- 1) approve Xcel's proposed method of recovery with no carrying charges via the electric SEP Rider adjustment of electric related RA/SBG expenses, Xcel-Tribe Settlement expenses, and costs associated with the independent study of intermittent resources;
- 2) approve Xcel's proposal to combine the approved SEP Rider adjustment with other existing adjustments on electric customers' bills, as filed in the Company's Petition;
- 3) require Xcel to submit an annual filing on May 1 of each year, as proposed by the Company in its response to DOC Information Request No. 3, detailing the following information:
 - a) the electric related RA and SBG expenses, Xcel-Tribe expenses, and costs associated with the independent study of intermittent resources;
 - b) revenues obtained from the approved electric SEP Rider adjustment; and
 - c) a proposed revised electric SEP Rider adjustment, together with a listing and description of all assumptions used to calculate the proposed revised electric adjustment.
- 4) require Xcel to treat electric SEP Rider costs and revenues in the following manner:
 - a) treat electric related RA and SBG expenses, and Xcel-Tribe expenses, as Minnesota jurisdictional expenses;
 - b) treat the costs associated with the Study as system-wide expenses and to adjust the expenses of the Study for the overall Minnesota jurisdictional allocator of

73.683 percent;

- c) reduce the costs associated with the RA and SBG to \$433,231 for 2002 and 2003 to account for the refund;
 - d) place these costs in FERC Account 182.3, Other Regulatory Assets (the Tracker Account); and
 - e) reduce the amount in FERC Account 182.3 as expenditures are recovered from customers via the electric SEP Rider;
- 5) require Xcel to use separate subaccounts within FERC Account 182.3 to separate and accurately track electric related RA and SBG expenses, Xcel-Tribe expenses, and costs associated with the Study of intermittent resources, together with revenues from the approved electric SEP Rider adjustment;
 - 6) approve electric related RA and SBG costs for 2002-2003 of \$433,231, as recommended by the Department and shown above in Table 1, and the allocation for expenses of the Study among the jurisdictions;
 - 7) approve the Department's proposed electric SEP Rider adjustment of \$0.000147 per kWh, which recovers costs through 2004 over a 9-month period; alternatively, the costs could be recovered over the period April 2004 through March 2005; Xcel should provide sales estimates for January through March 2005 in its reply comments;
 - 8) approve Xcel's proposed tariff, provided in the Amendment, except require Xcel to list the approved electric SEP Rider adjustment in electric tariff Sheet No. 14;
 - 9) approve Xcel's proposal in its Amendment to recover gas related RA and SBG expenses with no carrying charges via the gas SEP Rider adjustment;
 - 10) approve Xcel's proposal in its Amendment to combine the gas SEP Rider adjustment with the CIP Adjustment Factor into a single line item on customers' bills called the Resource Adjustment;
 - 11) require Xcel to submit an annual filing on May 1 of each year, as proposed by the Company in its response to DOC Information Request No. 3, detailing the following information:
 - a) gas related RA and SBG expenses;
 - b) revenues obtained from the approved gas SEP Rider adjustment; and
 - c) a proposed revised gas SEP Rider adjustment, together with a listing and

description of all assumptions used to calculate the proposed revised gas adjustment;

- 12) require Xcel to treat gas SEP Rider costs and revenues in the following manner:
 - a) treat gas related RA and SBG costs as Minnesota jurisdictional;
 - b) place these costs in FERC Account 182.3, Other Regulatory Assets (the Tracker Account); and
 - c) reduce the amount in FERC Account 182.3 as expenditures are recovered from customers via the gas SEP Rider;
- 13) require Xcel to use separate subaccounts within FERC Account 182.3 to separate and accurately track gas related RA and SBG expenses, together with revenue from the approved gas SEP Rider adjustment;
- 14) approve gas related RA and SBG costs for 2002-2003 of \$118,965, as recommended by the Department and shown above in Table 2;
- 15) approve the Department's proposed gas SEP Rider adjustment of \$0.00427 per dk, which recovers costs through 2004 over a 9-month period; alternatively, the costs could be recovered over the period April 2004 through March 2005; Xcel should provide sales estimates for January through March 2005 in its reply comments;
- 16) approve Xcel's proposed tariff, as provided in the Attachment except require Xcel to incorporate the Department's modifications to the Company's proposed gas tariff, as noted above in Section III.B.3, including listing the approved gas SEP Rider adjustment in gas tariff Sheet No. 63;
- 17) require Xcel to submit, within 10 days of the date of the Order in the present docket, the relevant tariff sheets reflecting the Commission's determination of the Company's proposal;

Clarifications

- 1) **allocation to jurisdiction:** allocate all of the costs for the RA/SBG, Tribal Settlement, and Intermittent Study to the Minnesota jurisdiction only (Xcel's proposal);
- 2) **implementation:** adopt the Process for Implementing the State Energy Policy Rider sent to Commission Staff on March 17, 2003 with the understanding that the Company will file tariff pages within 10 days of the Commission's Order in this matter and supply schedules of calculations supporting the rider charge computed based on the Commission's decisions in this proceeding; and clarify that the compliance filing would be for informational

purposes and would not require further Commission action, unless issues are identified in the compliance filing which would require the Commission's attention;

- 3) **notice to customers:** direct Xcel to include a proposed notice, consistent with the Commission's discussion of notice issues at the hearing, with the tariff filings to be filed within 10 days of the Order in this matter;
- 4) **variance:** grant variance to Minn. Rules 7820.3500 (K) and 7825.2600 in a manner allowing the variance to be effective with the Rider, subject to review and renewal with each annual filing.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: MARCH 26, 2004

Burl W. Haar, Executive Secretary