

The Commission met on **Thursday, June 10, 2004**, with Chair Koppendrayer and Commissioners Johnson, Nickolai, and Reha present.

Comment [COMMENT1]: Minutes by Carol Casebolt. 8 motions were made.

The following matters were taken up by the Commission.

ENERGY AGENDA

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 Reha moved that the Commission

1. decide that reopening the record for the limited purpose of admitting the affidavits and tear sheets submitted by the Company on May 27, 2004 (which indicate that the newspapers published the staff-approved notice of the application and public hearings) is not necessary, as the affidavits and tear sheets appear on the log sheets maintained by the Commission for this docket;
2. affirm the substantive findings, conclusions, and recommendation of the ALJ and issue a certificate of need for the construction of the large electric generating facility proposed by Xcel Energy, as well as the associated transmission interconnection, except as corrected and/or qualified as follows:
 - on the first page of his report, the ALJ makes reference to the 15-day period for exceptions, as provided by Minn. Rules, part 7829.2700, subp. 1; the Commission has collapsed that period to 10 days, which staff believes is the minimum period provided by statute.¹
 - in Finding 34 on page 10, "McLeod" contains a typographical error;

¹ Minn. Stat. § 14.61.

- in Conclusion 3 on page 23, dealing with notice requirements, there is a reference to Minn. Rules, part 7849.0230, subp. 1; there appears to be no notice requirement in that subpart; further, part 7849.0230 should at some point be formally repealed by the Commission, as the recent amendment of the environmental report requirements by the Environmental Quality Board was, among other things, intended to supersede or replace this provision of the certificate of need rules;² also, while there is in this proceeding a transmission interconnection as an associated facility, the intent of part 7849.0230 was to cover only transmission applications, not generation applications; part 7849.0230 is not applicable to this application, given the history of the rule; until the rule is formally repealed, the Commission could issue a rule variance, perhaps at the time of the completeness review, to prevent confusion about the applicability of the rule; reference to part 7849.0230 in the decision documents for this process is inappropriate; and
3. in response to the Department of Commerce's recommendation, require Xcel Energy to meet with the Department to discuss forecasting issues prior to the Company's next resource plan filing.

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

1. accept the filing as of the date GMG completes its filing and delegate to the Executive Secretary authority to determine the date when the filing is complete;
2. suspend the proposed rates;
3. refer this matter to the Office of Administrative Hearings for a contested case proceeding, expressing the hope that this matter would proceed to Settlement, and request ALJ Report eight-months from the date of acceptance;
4. in addition to the standard rate case issues [1) whether the test year revenue increase sought by the Company is reasonable or will it result in unreasonable and excessive earnings by the Company; 2) whether the rate design proposed by the Company reasonable; and 3) whether the Company's proposed capital structure and return on equity are reasonable], identify the following issues as requiring special attention in this case:

² Minn. Rules, Chapter 4410.

- a. service extensions and service extension policy as discussed in the Commission March 31, 1995 service extension order,
 - b. cost allocations,
 - c. whether gas costs should be unbundled on customer bills,
 - d. the Company's Gas Rate Book, and
 - e. the Company's monthly service charge;
5. regarding financial matters and cost of capital for interim rates, find exigent circumstances and use current rates to set interim rates;
 6. regarding the rate design for interim rates, find that using the Company's current rates and rate design for interim rates does not violate the prohibition against interim rate design changes;
 7. regarding whether GMG should show interim rates on customer bills, do not require bill message to reflect interim status of rates;
 8. regarding how GMG should show interim rates in its tariff book and on its tariff sheets, require tariff sheets to reflect interim status of rates;
 9. regarding whether the Commission should require various interim rate compliance filings, require the compliance items described in the briefing papers on page 17 of Staff Briefing Papers, as follows:
 - order the Company to file with the Commission and the Department of Commerce interim tariff sheets and supporting documentation reflecting the decisions herein;
 - order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund; any refund should be made within 120 days of the effective date of the Commission's final Order in a manner approved by the Commission;
 - order the Company to include in its public hearing notice to customers, an explanation of the Commission's decision regarding interim rates; the proposed notice to customers must be approved by the Commission's Executive Secretary or the ALJ assigned to this matter; upon completion of this notice requirement, the Company shall certify this fact to the Commission;
 10. delegate authority to approve notices and customer bill inserts to the Commission's Executive Secretary for the duration of this proceeding; and
 11. request that the ALJ conduct two public hearings, hopefully on the reasonableness of a proposed Settlement.

The motion passed 4-0.

E-001/GR-03-767

In the Matter of a Petition by Interstate Power and Light Company for Authority to Increase Electric Rates in Minnesota

Commissioner Nickolai moved to reconsider the Order issued in this case on April 5, 2004.

The motion passed 3-1. Commissioner Johnson voted no.

Commissioner Nickolai moved to toll the 60-day time period for acting on petitions for reconsideration.

The motion passed 4-0.

Commissioner Reha moved to authorize a return on equity of 11.25%. The motion passed 3-1. Commissioner Johnson voted no.

Commissioner Nickolai moved to reconsider the Commission's decision on the inclusion of MISO Schedule 10 costs in test year expenses.

The motion passed 3-1. Commissioner Johnson voted no.

Commissioner Nickolai moved to include an additional \$202,798 as test year expense to allow full recovery of proposed test year MISO Schedule 10 costs.

The motion failed 2-2. Commissioners Johnson and Reha voted no.

Commissioner Reha moved to include 80% of MISO Schedule 10 costs in test year expense and to authorize deferred accounting for the remaining 20%, with no carrying charge, with a sunset date of the Company's next rate case, with an effective deferred accounting date of the effective date of interim rates, and with the clarification that a cost-benefit analysis supporting recovery of MISO Schedule 10 costs is required in any future Interstate Power and Light Company rate case.

The motion passed 4-0.

There were no motions for reconsideration on any other issue.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: JUNE 23, 2004

Burl W. Haar, Executive Secretary