

The Commission met on **Thursday, June 5, 2003**, with Chair Koppendraye and Commissioners Gavin and Reha present.

Comment [COMMENT1]: Minutes by Ann Pollack. 7 motions were made.

TELECOMMUNICATIONS AGENDA

PT-6182,6181/M-02-1503

In the Matter of the Petition of RCC Minnesota, Inc. and Wireless Alliance, LLC for Designation as an Eligible Telecommunications Carrier (ETC) Under 47 U.S.C. § 214(e)(2)

Commissioner Reha moved that the Commission take the following actions:

- Adopt the ALJ's recommendation in its entirety, with the inclusion in Paragraph 49 of the exchanges where RCC seeks disaggregation below the exchange level.
- Grant conditional approval to RCC's ETC application;

The motion carried 3-0.

P-442,421/IC-03-759

In the Matter of the Petition of AT&T Communications of the Midwest, Inc. for Arbitration of an Interconnection Agreement with Qwest Corporation Pursuant to 47 U.S.C. § 252(b)

Commissioner Gavin moved that the Commission take the following action:

- Refer the matter to the OAH for hearing by one or more ALJs. Request that the ALJ(s) conduct the arbitration with deference to the Commission's Rules Chapter 7812.1700;

The motion carried 3-0.

P-999/CI-03-491

In the Matter of DOC/TAM's FY 2004 Proposed Budget and Surcharge Recommendation

Commissioner Reha moved that the Commission take the following actions:

- approve DOC/TAM's proposed budget;
- approve DOC/TAM's proposal to increase the surcharge from 10 cents to 13 cents per month;

- require all wired and wireless local telephone service providers to implement the surcharge effective August 1, 2003.
- encourage the Department of Commerce and the Department of Administration to cooperate on investigating and reporting, within 120 days, on the matter of possible undercollection of the surcharge;
- direct LECS to file revised tariffs reflecting any change in the surcharge;

The motion carried 3-0.

ENERGY AGENDA

E,G-002/M-03-58

In the Matter of a Request by Northern States Power Company d/b/a Xcel Energy for a Variance to Certain Reporting Requirements and One Service Level Standard in Minn. Rules 7826

Commissioner Gavin moved that the Commission take the following action:

- grant a variance to Minn. Rules Part 7826.1700 until June 1, 2003;
- grant a variance to Minn. Rules Part 7826.2000 until September 1, 2003;

The motion carried 3-0.

E-002/M-03-547

In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy for Approval of a Power Purchase Agreement with Crown Hydro, LLC

Commissioner Reha moved that the Commission take the following actions:

- approve the PPA;
- approve recovery of energy and capacity costs through the FCA. Interpret the language in Minn. Stat. 216B.1645, subd. 2, to override the fuel clause rule language restricting capacity charge recovery through the fuel clause adjustment;

The motion carried 3-0.

G-007, 011/GR-00-951

In the Matter of a Petition by Peoples Natural Gas Company and Northern Minnesota Utilities, Divisions of UtiliCorp United Inc., for Authority to Increase Natural Gas Rates in Minnesota and to Consolidate the Two Utilities

Commissioner Reha moved that the Commission take the following actions:

- accept the parties' March 31, 2003 recommendation (and amended stipulation and agreement) without modification;
- approve the adjustment to the disallowance for mains and service additions contained in the March 31, 2003 settlement;
- approve the Companies' proposed footage allowances;
- accept the parties' recommendation on the rate and revenue treatment of aggregation service, with the clarification that this rate treatment is approved in this case only because it was recommended as part of a settlement and because of the length of time that has elapsed since this case was filed rather than because the Commission wants to establish precedent for how new rates are implemented or interim rate refunds are handled;
- require Aquila to file in its next general rate case
 - the methods by which it identifies and assigns direct costs,
 - the methods by which it identifies and allocates indirect costs,
 - whether its general allocation method provides results consistent with those of the Commission's general allocator (Docket 1008), and
 - whether and how its allocation structure assures that shared costs are allocated to all applicable regulated and non-regulated activities;
- clarify that Aquila may also file its cost allocation methodology in advance of its next rate case, and the Department of Commerce has agreed to complete its review of this filing within 8 months.
- reiterate the existing filing requirements for Aquila's next rate case set forth below:
 - identify all issuances of debt and associated costs from January 1, 2002, until its next rate case in a manner that will facilitate a potential adjustment to mitigate the impact of adverse market factors caused by Aquila's financial problems. Specifically, Aquila shall provide information sufficient to allow the Commission to evaluate what the debt and equity costs for Peoples and NMU would have been but for the effects of Aquila's other operations; and
 - provide a discussion and analysis of the effects of Aquila's financial situation on Peoples' and NMU's cost of common equity;

- require the parties to reconcile Companies' billing and communications practices with the March 31, 2003 Stipulation and Agreement and state law regarding the use of trade names, and in conjunction with this requirement, approve an amendment to the stipulation at page 65, as set forth below –

“Aquila Networks will operate for regulatory purposes under the name Aquila Networks – PNG and Aquila Networks – NMU. Its tariffs, ~~bills and customer information~~ and regulatory filings will reflect these designations, retaining the current operating division in the areas currently served by Peoples and NMU.”

- reiterate the existing filing requirements for Aquila’s next rate case set forth below:
 - within 30 days of the date of this Order the Companies shall make a filing showing the rates that would have resulted had there been no manufactured gas plant clean-up costs added to rate base and included in test year costs in this case;
 - in its next rate case filing, the Companies shall include a schedule for all finalized leases for vehicles used in Minnesota, showing the forecasted residual value, the actual residual value, and the additional amount due or refund received at the end of each lease.
- modify the timeline authorized in the May 8, 2001 Order and require the Companies to file their proposed revised customer bill format as part of the compliance filing and to implement the revised format with final rates;
- direct the Companies to work with the Department and Commission staff to develop an appropriate exhibit in the tariff that will enable the main and service extension feasibility model to be recreated using the then- current inputs;
- reinstate (and restate) all of the suspended compliance filing requirements from the Commission’s May 8, 2001 ORDER MODIFYING AND ACCEPTING SETTLEMENT (see bulleted items below from ordering paragraphs 3, 4, 5, 7, and 9);
 - within 30 days of the date of this Order the Companies shall file revised schedules of rates and charges reflecting the revenue requirement and the rate design decisions herein, along with the proposed effective date, and including the following information:
 - a breakdown of Total Operating Revenues by type;
 - schedules showing all billing determinants for the retail sales (and sale for resale) of gas. These schedules shall include but not be limited to:
 - total revenue by customer class
 - total number of customers
 - the customer charge and total customer charge revenue by customer

- class, and
 - for each customer class, the total number of commodity and demand related billing units, the per unit commodity and demand cost of gas, the non-gas unit margin, and the total commodity and demand related sales revenues
- Revised tariff sheets incorporating authorized rate design decisions;
- Proposed customer notices explaining the final rates and a full explanation of the monthly customer charge. [ordering paragraph 3]
- within 30 days of the date of this Order the Companies shall file 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. [ordering paragraph 4]
- within 30 days of the date of this Order the Companies shall file a calculation of the CIP CCRCs based on the decisions made herein and schedules detailing the CIP tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates become effective. [ordering paragraph 5]
- within 30 days of the date of this Order the Companies shall file copies (revised as necessary) of all standard customer service agreements and contracts for inclusion in their tariff book. [ordering paragraph 7]
- comments on all filings required above shall be filed within 15 days of the date of the filing. [ordering paragraph 9]
- restate in this order a revised set of financial summaries for Peoples and NMU that include for each Company: a rate base summary, an operating income statement summary, and a gross revenue deficiency calculation;
- require compliance filings to be made within 30 days.

The motion passed 3-0.

Chair Koppendrayer moved to maintain ordering paragraph 6 from the May 11, 2001 Order Modifying and Accepting Settlement and determine that interest does not need to be compounded periodically on the interim rate refund.

The motion passed 2-1. Commissioner Gavin voted no.

There being no further business the meeting was adjourned.

APPROVED BY THE COMMISSION

Approval Date:

June 13 , 2003

Burl W. Haar
Executive Secretary