

The Commission met on **Thursday, September 18, 2003**, with Chair Koppendrayer and Commissioners Johnson and Scott present.

Comment [COMMENT1]: Minutes by Carol Casebolt. 5 motions were made.

The following matters were taken up by the Commission.

UNCONTESTED MATTERS

Chair Koppendrayer moved that the Commission take the actions listed below:

E-105, 282/SA-03-969

In the Matter of the Joint Petition of the City of New Ulm and Brown County Rural Electrical Association for Approval of a Settlement Agreement and a Change in Service Area

- grant the petition;

E-015/M-03-1136

In the Matter of the Petition of Minnesota Power for a Variance to Commission Rules Regarding Billing Errors

- grant the petition;

E-001, 140/SA-03-93

In the Matter of the Petition of Sioux Valley Southwestern Electric Cooperative's Petition for Approval of a Modification of Assigned Service Area Agreement with Interstate Power and Light Company

- grant the petition;

E-111/TX-03-854

In the Matter of Energy Alternative's Petition for a Personal Property Tax Exemption for Generators Located in Hastings and Lakeville

- find that the Company has met the criteria of Minn. Stat. § 272.0211, subd. 4;

E-017/M-03-1141

In the Matter of Otter Tail Power Company's Request to Modify its Voluntary Air Conditioning Control Rider

- grant the request;

E-002/M-03-518

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of an Electric CIP Adjustment Factor and a Variance from Minnesota Rules 7820.2600 and 7820.3500 (K)

- approve the petition with the following modifications:
 - (a) remove expenses associated with time-of-use project from the 2002 CIP tracker;
 - (b) remove the expenses of the Department's Reliability Administrator and the Department of Administration's Sustainable Buildings projects from the 202 CIP tracker;
 - (c) approve a 2002 CIP performance incentive of \$7,695,186;
 - (d) grant the two variances requested by Xcel;
 - (e) approve a new RA/SB Adjustment Rate and order Xcel to make a filing establishing such a rate;
 - (f) approve a new CIP Adjustment Rate of 1.23%.

G-002/M-03-519

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy to Update its CIP Tracker Account and Revise its CIP Adjustment Factor

- grant the petition with the following modifications:
 - (b) approve recovery of a 2002 DSM financial incentive of \$814,685 and allow Xcel to record that amount in the Company's CIP Tracker Account as of the date of the Order in this docket;
 - (c) approve Xcel's 2002 CIP Tracker Account, including recovery of \$2,715,615 in CIP expenditures and carrying charges of \$17,908;
 - (d) approve Xcel's proposed CIP Adjustment Factor of \$0.00119 per therm, which will be implemented on the earliest billing cycle after the issue date of the Order in this docket;
 - (e) require Xcel to file, as a compliance filing within 20 days of the date of the Order in this docket, the relevant tariff sheets that comply with the Commission's determination in this matter.

The motion passed 3-0.

OTHER COMMISSION ACTION

ET-2/CN-02-536

In the Matter of the Application for a Certificate of Need for a High Voltage Transmission Line by Great River Energy and Wright-Hennepin Cooperative Electric Association

Chair Koppendraye moved that the Commission affirm the substantive findings and conclusions of the ALJ and issue a certificate of need for the construction of the proposed 115-kilovolt transmission line, with endpoints at the Xcel Energy Elm Creek Substation and Parkers Lake Substation.

The motion passed 3-0.

G-008/M-03-795

In the Matter of the Petition of CenterPoint Energy Minnegasco to Modify the No Surprise Bill

Pilot Program to Allow More Participants and to Modify the Tariff to Allow Increases for Interim Rates and New Franchise Fees

Commissioner Johnson moved that the Commission take the following action:

- approve the proposed increase in the number of participants of up to 50,000 for the third year and up to 70,000 for the fourth year of the pilot program;
- approve the tariff change (as shown in Minnegasco reply comments) that will allow forecasted possible franchise fees to be included in bill quotes subject to refund;
- require that a compliance filing be submitted within 10 days of the Commission's Order with the approved tariff language;

The motion passed 3-0.

G-004/GR-02-1682

In the Matter of a Petition by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota

Commissioner Scott moved that the Commission take the following actions:

1. accept the parties' Stipulation and Agreement with the modifications and clarifications agreed to by the parties and set forth below:
 - B. The stipulated calculation of the CCRC is approved, with the understanding that the stipulation includes the agreement that the CCRA will be calculated in the same manner as the CCRC, i.e., by dividing the costs by the total throughput resulting in the same per-unit rate for all customers.
 - B. In applying its main and service extension tariff, the Company shall mark the property line on all drawings. The drawings shall also include the meter location, the footage from the property line to the meter, the footage from the property line to the standard meter location if the meter is placed elsewhere, a detailed calculation of any excess footage fee charged.
 - C. In applying its main and service extension tariff in individual cases, the Company shall keep records of any information it took into consideration in applying the tariff that is not obvious from the drawings.
 - D. In applying its main and service extension tariff, the Company shall bill for excess footage charges in excess of \$3.00.
 - E. The Company shall revise its customer deposit policies to require deposits, where permissible, in the amount of two average months' bills, instead of

two winter months' average bills.

- F. The Stipulation and Agreement is corrected as to item 30, p. 29, to refer to Minn. Rule 7820.4000 instead of Minn. Rule 7820.3800.
 - G. The Company shall modify the two-step, three-year phase-in of the consolidation of the Crookston and the North-4 rate structures so that the first step occurs one-and-a-half years from the date final rates go into effect and the second step occurs at the end of three years. The Company is authorized to consolidate the Crookston and North-4 area gas costs and to begin charging new basic service charge amounts when final rates go into effect.
2. Require the parties, in the course of Great Plains' next rate case, to discuss the advantages and disadvantages of two alternative methods of recovering Conservation Improvement Program costs: on the basis of dekatherms and on the basis of an equal percentage of operating revenues or margins.
3. Within 30 days of the date of the Order require the Company to make a compliance filing including the following items:
- A. a proposed customer notice clearly explaining the reasons for any increase in the customer's basic service charge (formerly called the customer charge) and explaining how the customer can get further information about the increase;
 - B. a detailed explanation of its three-year phase-in plan for consolidating the rate structures of the Crookston and North-4 service areas;
 - C. 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) a breakdown of Total Operating Revenues by type;
 - (b) schedules showing all billing determinants for the retail sales (and sale for resale) of gas. These schedules shall include but not be limited to:
 - i. total revenue by customer class;
 - ii. total number of customers, the customer charge and total customer charge revenue by customer class; and
 - iii. 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.
 - D. revised tariff sheets incorporating authorized rate design decisions;

- E. proposed customer notices explaining the final rates, the monthly basic service charge, and the revised customer bill format.
4. Within 30 days of the date of the Order require the Company to 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.
5. Within 30 days of the date of the Order require the Company to 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.
6. Within 30 days of the date of the Order require the Company to file copies (revised as necessary) of all standard customer service agreements and contracts for inclusion in its tariff book.
7. Within 30 days of the date of the Order require the Company to file a proposal to make refunds of interim rates, including interest calculated at the average prime rate, to affected customers.
8. Within 30 days of the date of the Order require the Company to file the revised customer bill format developed in conjunction with the Department and Commission staff and to implement the new format at the same time as the final rates approved herein.
9. Set a deadline of 15 days for comments on the compliance filing.

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

G-007, 011/M-03-821

In the Matter of the Petition of Aquila, Inc. for Approval of a Variance to Minn. Rules, parts 7825.2400, 7825.2500, and 7825.2700 to Allow Recovery Through the Purchased Gas Adjustment Mechanism of the Cost of Using Financial Instruments

Commissioner Johnson moved that the Commission grant the petition as modified below:

- approve the accounting and reporting requirements agreed upon by the Department of Commerce and the Company;
- grant the requested variance until June 30, 2007;
- clarify that the variance will apply to all financial positions that Peoples or NMU enters into during the period of the initial variance;

- clarify that Aquila may engage in put options in combination with call options to form a collar and that Aquila may not engage in put options for any other reason without Commission approval;
- cap the amount of natural gas financial instruments for Peoples and NMU to a combined maximum of 20% of Peoples' and NMU's annual total firm commodity gas costs.

The motion passed 3-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: OCTOBER 8, 2003

Burl W. Haar, Executive Secretary