

The Commission met on **Thursday, April 11, 2002**, with Chair Scott and Commissioners Garvey, Koppendrayner and Reha present.

Comment [COMMENT1]: Minutes by Eric Witte. 6 motions were made.

ENERGY AGENDA

The following items were taken up by the Commission:

E-111/M-01-1769

In the Matter of Dakota Electric Association's 2001 Annual Conservation Report

Commissioner Garvey moved to –

1. Continue the current process of having Dakota Electric Association (Dakota) file annual conservation reports,
2. Find that Dakota's practice of providing rebates for conservation programs via credits on monthly customer bills is efficient and otherwise appropriate,
3. Accept the recommendations of the Department of Commerce (the Department) to –
 - D. Modify Dakota's conservation report as follows:
 - Exclude the budgets proposed for the Environmental Programs Projects, the Tree Seedling Program, and the Habitat for Humanity Program from Dakota's aggregate budget for conservation improvement programs.
 - Exclude the budget for the Tree Seedling Program from recovery via Dakota's conservation tracker account.
 - Make Dakota's low-income programs available to people with income at or below 50% of the state median income.
 - Set the goal for the Commercial Peak Alert Rate Project as a reduction of 6000 kilowatts (kW) from peak demand, and a reduction of 10,000 connected kW.
 - B. Direct Dakota to evaluate future proposals on the basis of whether the program's cost to the utility plus the cost to the customer exceeds the program's savings in terms of avoided generation, transmission and distribution costs.
4. Approve Dakota's 2002 Annual Conservation Report as modified.

The motion passed 4-0.

E-015/AI-01-1648

In the Matter of Minnesota Power's Petition for Approval of Affiliated Interest Agreement and Assignment of LTV Transmission Facilities from Rainy River-Taconite Harbor to Minnesota Power

Commissioner Reha moved to approve the petition as the Department recommended with the following modifications:

5. Require further substantiation of the land values to be supplied within 90 days of the Order on a compliance basis;
6. Defer the question of an overall operation agreement for the Taconite Harbor generating station to Docket E-015/AI-01-1988;
7. Direct Minnesota Power (MP) to file journal entries, as an informational compliance document, recording the transmission assets on the books of MP within 90 days of the completion of the transfer; and
8. Note that the Commission's decision does not preclude the raising of issues regarding the transfer in subsequent MP rate proceedings.

The motion passed 4-0.

E-015/AI-01-1988

In the Matter of Minnesota Power's Petition for approval of Intra-Company Transfer of Taconite Harbor Electric Generation Station and Associated Assets from Rainy River Energy Corporation-Taconite Harbor to Minnesota Power

Commissioner Reha moved to approve the requested transfer of the Taconite Harbor generating assets from Rainy River Energy Corporation-Taconite Harbor to MP under Minnesota Statutes §§ 216B.48 and 216B.50 as the Department recommended with the following modifications:

1. Require MP to file, on an informational basis, accounting journal entries recording the generation and transmission assets on MP's books within 90 days of completion of the transfer.
2. Require MP to file further substantiation of the land values to be supplied within 90 days on a compliance basis.
3. Require MP to file the operating policies/guidelines detailing the services and products exchanged between the regulated operations and unregulated generation. This compliance filing should be made within 30 days of the Order in

this proceeding and will detail the types of services and products exchanged, and the pricing methods established.

The compliance filing shall also address the purchase of power by the regulated entity from the unregulated generator detailing under what circumstances power would be purchased and the pricing mechanism applied. This filing should also describe the record retention of evidence supporting the purchase as the lowest cost alternative, and the reporting mechanisms.

4. Grant the variance requested by MP to Minn. Rules 7825.1400 and 7825.1800 as they apply to capital structure and securities information.
5. Note that the transfer is subject to normal review in a subsequent MP rate proceeding.

The motion passed 4-0.

E-001/M-01-1954

In the Matter of a Petition by Alliant Energy for Approval of a Renewable Energy Rider

Commissioner Koppendraye moved to –

6. Approve the Second Nature rider of Interstate Power Company (IPC) as an ongoing pilot rider at the 2.0 cent per kWh premium level, with the additional tariff language proposed by the Department and agreed to by IPC, as follows:

"The sales arrangements of renewable energy from the Second Nature program supplies are such that the power supply is only sold once to retail customers."
7. Require the Department to monitor program participation levels associated with IPC's proposed marketing budget and to report back to the Commission on marketing costs after IPC has filed its first compliance report.
8. Adopt IPC's proposal for a schedule to roll out a green pricing program to nonresidential customer groups no later than April 1, 2003.
9. Require IPC to file a compliance report within sixty days of the end of the first twelve-month period under the rider; the rider will remain in effect during the evaluation period. At a minimum, the report should include:
 - A. the renewable energy purchased from contracts or generated by Alliant Energy facilities for the Second Nature program, the renewable energy sold to Second Nature customers, and the number of "banked" renewable energy credits under the program (from Iowa, Wisconsin and Minnesota's Second Nature-participating utilities);

- B. the level of marketing and administrative expenses, and the level of unrecovered marketing and administrative expenses from the Second Nature program;
 - C. the level of unrecovered renewable energy sales stemming from the Second Nature program;
 - D. the actual number of Second Nature participants (and at what participation levels) from each state, i.e. Iowa, Wisconsin and Minnesota (with a comparison of these participation levels with the original projected levels for Second Nature participation of 56% from WP&L, 32% from IES, 9% from IPC-Iowa, and 3% from IPC-MN);
 - E. customer response to marketing efforts, and any reported customer confusion regarding the pricing of the Second Nature program in Minnesota or regarding the fixed fuel adjustment clause;
 - F. any unanticipated problems associated with the Second Nature program;
 - G. any plans to expand the Second Nature program; and
 - H. an evaluation of the possibility of implementing WP&L's green-pricing model.
5. IPC should explore the potential for using WP&L's method of not applying the fuel adjustment clause to its green priced energy, and include a discussion of this issue in its compliance report.

The motion passed 4-0.

E-002/M-01-1479

In the Matter of Xcel Energy's Petition for Approval of a Renewable Energy Rider

Commissioner Garvey moved that the Commission –

1. Adopt Xcel's Voluntary Renewable Rider as revised and filed on February 19, 2002, with the following clarifications and modifications:
2. Accept Xcel's clarification that: it will not use the tracker account to change rates or for deferred accounting purposes; changes to the level of the pricing adjustment in the rider will be done through a new miscellaneous rate filing.
3. Require Xcel to maintain the option of using large, efficient sources of wind power for its green pricing program.
4. Require Xcel to deduct both the cost of energy from its most recent rate case and the capacity value of the wind in the wind contract to be filed by Xcel in its determination of its green-price premium.

5. Require Xcel to exempt customers that purchase energy under the renewable energy rider from all fossil-fuel cost adjustments on a pro-rata basis based on the amount of eligible renewable energy purchased by the customer under the rider; require Xcel to file a revised fuel adjustment clause rider to reflect this decision; and urge Xcel to look at the fuel clause issues and submit a filing if it finds that the exemption has a material impact on other ratepayers.
6. Allow Xcel to recover any transmission costs associated with delivering the renewable energy to Xcel's system through the renewable rider, but deny recovery of Xcel's own transmission costs through the renewable rider at this time.
7. Require Xcel to raise the issue of exemption of customers that purchase energy under the renewable energy rider from any charges under any future emissions reductions rider at the time Xcel files an emissions reduction rider with the Commission for approval.
8. Direct the Company to file, within 60 days after Xcel has entered into contract(s) with vendor(s) to meet the projected wind energy needs of the Minnesota Windsource participants, its revised green-price calculation for review by the Department.
9. Direct Xcel to include the following items in its annual report to be filed each May 1 (beginning in 2003):
 - A. reporting on the true-up and tracker account;
 - B. actual marketing and administrative costs;
 - C. program participation rates and customer participation levels;
 - D. discussion of potential mechanisms to allow savings from larger purchases of green power to flow back to those customers making these purchases; and
 - E. discussion of potential mechanisms for tying approval of marketing costs to the number of kilowatt-hours sold.

The motion passed 4-0.

E-002/CI-01-1024

In the Matter of an Investigation into Using Rate Design to Achieve the Demand-Side Management Goals of Xcel Energy

Commissioner Koppendraye moved to do the following:

1. Authorize Xcel to pursue implementation of its "integrated pilot" project as set forth in its April 9, 2002 filing.
2. Change the date for Xcel to provide customers with access via the World Wide Web to data on their patterns of electric consumption from July 1, 2002 to November 1, 2002.
3. Permit Xcel to provide customers, via Xcel's World Wide Web site, with data on their daily patterns of electric consumption aggregated into four time blocks per day, rather than aggregated into hourly time blocks.
4. Delegate to the Executive Secretary the authority to modify this docket's procedural schedule.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION

Approval Date:

May 22, 2002

Burl W. Haar
Executive Secretary