

The Commission met on **Thursday, June 6, 2002**, with Chair Scott and Commissioners Johnson, Koppendrayer and Reha present.

Comment [COMMENT1]: Minutes by Eric Witte. 14 motions were made.

ENERGY AGENDA

The following items were taken up by the Commission:

E-002/M-00-1583

In the Matter of the Request of Northern States Power Company d/b/a Xcel Energy for Approval of a Renewable Development Fund Oversight Process

Commissioner Koppendrayer moved to approve the grant contract.

The motion passed 4-0.

E-015/M-01-1416

In the Matter of the Petition by Minnesota Power Company for Approval of Asset Separation and Accounting Methodology

Chair Scott moved to –

1. Approve the application of the boundary guidelines proposed by Minnesota Power Company (MP), with the understanding that –
 - B. Findings in this proceeding are specific to the facts presented as related to MP's system; and
 - C. The current operation of MP's system and circumstances related to applying the boundary guidelines are subject to continual change as business conditions change.
2. Approve MP's petition as recommended by the Minnesota Department of Commerce (the Department).
 - A. The Commission and parties may fully examine any specific impacts of the accounting methodology in future regulatory proceedings in which the accounting methodology is applied to assets, rates, or otherwise used for specifically required Commission determinations.
 - B. Approval is granted on the basis of MP's assurance that the proposed system will provide information in a manner that sufficiently ties to the Federal Energy Regulatory Commission's account system. MP acknowledges that it bears the burden of complying with Commission accounting requirements, and the burden of proof in future rate cases.
 - C. Regarding allocations, MP shall meet with the Department, the Commission's staff, and the Minnesota Office of Attorney General's Residential and Small Business Utilities Division by September 30, 2002, to review the allocation methods and overall accounting methodology, including those allocations attached

to MP's response to Information Request 16 (including the equity allocator). MP and the Department shall file a report on the outcome of this meeting within 30 days of the meeting. MP shall annually update the Department and Commission staff of changes to the allocators. MP bears the burden of proof in its next rate cast that its allocators are cost causative and fairly allocate costs.

- D. MP may initially assign general plant assets to lines of business that are the primary users, provided that –
- MP eventually allocate general plant costs to all lines of business that receive benefits from the general plant, and
 - MP identify assets shared between functions and provide studies of how the costs are allocated.
- E. Regarding MPEX, MP shall maintain information about wholesale and retail transactions in sufficient detail to allow the development of allocations in future rate cases. The wholesale revenue credit method is preserved for further proceedings. MP shall provide an explanation of how MPEX is accounted for in the next rate case.

The motion passed 4-0.

G-007/M-01-1631;
G-011/M-01-1633

In the Matter of a Request by Northern Minnesota Utilities and Peoples Natural Gas for Approval of a Change in Demand Related Costs on the Northern Pipeline System.

Chair Scott moved to take the following action:

6. Approve the companies' request –
- G. to use the approved allocation factor from the 2000 filing for allocating demand costs to the Companies' customers;
 - H. for the proposed change in demand-related costs;
 - I. for the reallocation of TF12 Base and Variable entitlements;
 - J. allow the associated cost recovery effective with the Companies' November 1, 2001 Purchased Gas Adjustment;
2. Require the Companies to –
- A. provide within 30 days of the Commission's order (or July 8, 2002, whichever comes first), all its design day calculations and entitlement schedules for both Zone EF and B for the 2002-03 heating season;
 - B. fully address the Department's remaining questions regarding the design day calculation as discussed in the Department's April 25, 2002 comments, and provide the justification and rationale for using the average of the highest and

lowest heat load factors, the base load and heat load methodology, and the use of Peoples' system wide data rather than Minnesota specific data. In addition, the Companies should demonstrate and provide proof that its methodology provides more valid results than a statistical method such as regression analysis; and

3. Determine that the Companies have been overzealous in designating information as trade secret, direct them to comply with Minnesota Rules, Part 7829.0500 and the August 18, 1999 Revised Procedure, and require them to specify the specific words, phrases or numbers on a page that is claimed to be trade secret.

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 Garvey joined the meeting.

Following a discussion, no action was taken.

E,G-999/CI-00-1343

In the Matter of an Investigation into Disclosure of Environmental Information to Utility Customers

Commissioner Garvey moved to –

1. clarify that the Commission's October 2, 2001 directive for the brochures to include generation source information language "similar to that proposed by Dakota Electric (and Great River Energy)" was not intended to replace the "How does electricity affect the environment?" section of the Joint Proposal, and
2. require the utilities to include in their brochures, beneath the Air Emissions by Fuel Type chart, the following:

How do Air Emissions Affect the Environment?

Carbon Dioxide (CO₂) is the principal greenhouse gas linked to global warming. Nitrogen Oxides (NO_x) and Sulfur Dioxide (SO₂) contribute to acid rain; NO_x also contribute to smog. Particulate matter (sometimes called soot) contributes to asthma attacks and other respiratory illnesses. Mercury accumulates in some fish to levels exceeding current health department guidelines. The Minnesota Pollution Control Agency is responsible for ensuring that emissions from utilities meet air quality standards for NO_x, SO₂ and smog.

The motion passed 5-0.

Commissioner Garvey moved to determine that including additional information specific to coal-fired facilities is not necessary.

Commissioner Garvey withdrew his motion, and moved to require utilities to include the following language from the Joint Proposal, as recommended by the Minnesota Pollution Control Agency (MPCA):

Statewide, coal-fired power plants in Minnesota generate: 55% of all SO₂ pollution, 36% of all CO₂ pollution, 32% of all mercury pollution and 19% of all NO_x pollution.* All other generation source contribute a small amount of pollution.

*Pollution is emitted from many places, such as industrial and commercial sources, cars, trucks, and home heating.

The motion passed 4-1. Commissioner Koppendraye voted no.

Commissioner Garvey moved to determine that the emissions from purchased power need be disclosed only when the generation source is known, provided that the utility has made a diligent attempt to discover the generation source. If unknown, the utility may list "purchased power" among its power sources. In this case, the utility must disclose that "Purchases come from fuel sources (nuclear, coal, natural gas, etc.) from throughout the region" and, for purposes of calculating particulate matter and air emissions, the utility must use data based on the Mid-Continent Area Power Pool system's average emissions as reported by the MPCA.

The motion passed 5-0.

Commissioner Garvey moved to determine that providing that ranking types of generation sources according to cost is sufficient and the utilities do not need to provide their system average cost for each generation source.

The motion passed 5-0.

Commissioner Garvey moved to –

1. Require the utilities to include energy efficiency in the chart ranking electricity supply by cost, and
2. Require the utilities to include energy efficiency in the chart ranking electricity supply by reliability.

Commissioner Garvey withdrew the motion, and moved to require utilities to –

1. maintain consistency between the fuel sources contained in the pie chart and any ranking of cost and reliability, and
2. if conservation is not included in the pie chart, include a statement similar to the one proposed by Minnesota Power identifying the extent to which conservation has reduced the utility's need to generate electricity.

The motion passed 5-0.

Commissioner Garvey moved to direct utilities to include the following language:
"Nuclear energy does not produce these air emissions, but does produce both high- and low-level nuclear waste."

The motion passed 5-0.

Commissioner Garvey moved to –

1. Require utilities to use the full name of the emissions rather than the chemical symbol,
2. Require that the term nitrogen oxides be used in the brochure instead of Nitrogen or Nitrogen Oxide, and
3. Require the air emissions by fuel type be reported on a chart as recommended by ME3, using lbs per 1000 kWh.

The motion passed 5-0.

Commissioner Koppendraye moved to determine that total CO2 emissions from biomass facilities should be reported.

The motion passed 5-0.

Commissioner Garvey moved to require the brochures to include the following:

Wind and solar power produce none of these air emission. However, large hydro power may alter ecosystems and cultural resources depending upon the location and the design of the facility.

The motion passed 5-0.

Commissioner Garvey moved to –

1. Direct utilities to retain the records supporting the claims in their brochures for two years.
2. Direct the Department to develop a proposal for evaluating the effectiveness of these brochures at informing the public.
3. Direct the utilities, within 60 days of the Order, to file with the Department and the Commission a final brochure to determine compliance with this decision and the October, 2001 Order, prior to customer distribution.
4. Require Interstate to include information on its CIP Programs in the brochure.
5. Require Xcel Energy to:
 - A. Modify the color of its pie chart regarding fuel sources to comply with the Commission's Order.
 - B. Include information about its voluntary renewable energy rider in its brochure.

The motion passed 5-0.

Commissioner Garvey moved to remove the sentences relating to the cost of solar power and the lack of large solar installations in Minnesota.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION

Approval Date:

September 5, 2002

Burl W. Haar
Executive Secretary