

The Commission met on **Thursday, August 8, 2002**, with Chair Scott and Commissioners Garvey, Johnson, Koppendrayer and Reha present.

Comment [COMMENT1]: Minutes by Eric Witte. 2 motions were made.

ENERGY AGENDA

The following items were taken up by the Commission:

E,G-002/CI-02-1346

In the Matter of an Inquiry into Possible Effects of the Financial Difficulties at NRG and Xcel on NSP and its Customers and Potential Mitigation Measures

Commissioner Scott moved to do the following:

- Direct Northern States Power Company (NSP) to respond within 10 days, with a comment period following, to the following items:
 - 1) Cross-default provision(s) under the \$800 million credit facilities of Xcel Energy (Xcel), parent company of NSP:
 - a) What conditions will trigger a cross-default?
 - b) What actions is Xcel management taking to obtain waivers or modifications of these provisions, renegotiate loans, and/or obtain replacement credit facilities? What will these options cost and to whom will the related costs fall?
 - c) Was the existence of the cross-default provision disclosed in filings with the Minnesota Public Utilities Commission, and if so, where?
 - 2) Actions to protect NSP ratepayers and assets:
 - a) What actions are Xcel management taking to ensure that NSP has access to needed short-term operating capital? Is Xcel willing to make a commitment that the credit capacity of NSP will not be used by Xcel or NRG, the energy marketing affiliate of NSP and Xcel?
 - b) What actions are Xcel management taking to ensure that NSP has access to needed long-term debt capital? Is Xcel willing to make a commitment that the credit capacity of NSP will not be used by Xcel or NRG?
 - c) What actions are Xcel management taking to ensure that NSP will have access to the equity needed to continue to strengthen its capital structure? In Docket No. E,G-002/S-01-1608, *In the Matter of Xcel Energy 2002 Capital Structure Filing*, NSP stated that it expected a \$90 million infusion of equity from Xcel by the end of 2002. How much, if any, of that equity infusion has taken place? If it has not yet occurred, is Xcel still committed to doing so?
 - d) What actions are Xcel and NSP management taking to assure service quality for Minnesota customers, including but not limited to: handling customer complaints, call center response time, meter reading and billing, tree trimming, maintenance of lines, substations, other utility equipment and facilities; and staffing levels?
 - e) Does NSP plan to ask the Minnesota Public Utilities Commission for rate relief that is in any way associated with current financial difficulties? What

situation would trigger such a request within the rate freeze period?

- 3) An update of the information on capital structure and securities issuances provided in Docket. No. E,G-002/S-01-1608, including:
 - a) Actual capital structure at December 31, 2001 and June 30, 2002;
 - b) Description of securities issued and redeemed to-date in 2002;
 - c) Equity infusions from Xcel to-date in 2002;
 - d) Projected December 31, 2002 capital structure;
 - e) Projected issuances and redemptions of securities for the remainder of 2002, including the purpose for which the securities are to be issued, an estimate of interest or dividend costs, and a description of any anticipated terms or indenture provisions;
 - f) Projected equity infusions from the Xcel for the rest of 2002;
 - g) A statement of cash flow, by month, showing the most recent 12 months actual data and forecasted data to the end of 2002.
- 4) An update of the annual jurisdictional report of electric and natural gas operations required under Minn. Rules, Part 7825.4700-5400, including:
 - a) Actual and weather-normalized financial data for the six months and twelve months ending June 30, 2002;
 - b) Projected data for the year ending December 31, 2002.
- 5) A description of the activities to-date and future plans for the re-integration of NRG, Xcel, and NSP personnel and functions, including, but not limited to:
 - a) A description of whether and how any NSP personnel have been or will be assigned responsibilities formerly assigned to NRG personnel, such as plant operations and maintenance, marketing, any other support functions.
 - b) A description of how will corporate cost allocations change as a result of the re-integration, including a detailed description of any changes expected to costs allocated to NSP.
 - c) A general description of the effect of the re-integration on the provision of services from Xcel, the Service Company, and NRG to NSP, and plans for assuring that all necessary affiliated interest filings are made in a timely manner with the Commission.

- Refrain from issuing a written order.
- Delegate to the Executive Secretary the authority to establish specific procedures and comment periods and to vary those procedures or comment periods for good cause.
- Direct the parties to return the matter to the Commission for follow-up.

The motion passed 5-0.

Commissioner Johnson left the meeting.

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 moved to –

- Direct Xcel to propose, within 30 days, how to reset its fuel clause adjustment (FCA) base amount and reallocate the new base to rate classes with updated cost and use information, other than via a rate case.
- Find that broader use of the Saver's Switch Program to reduce purchased power costs for native load customers is allowed under the current tariff.
- Require Xcel to notify customers of the change in potential frequency of use and the purpose of the Saver's Switch Program, allowing these customers an opportunity to opt out.
- Require Xcel to file an annual report to verify that ratepayers are benefitting from the economic use of the Saver's Switch Program. The report should include the following:
 - 1) the number of customers and megawatts (MW) signed up for the Program,
 - 2) the number of customers (and MW) opting out of the Program,
 - 3) an estimate of the total MW interrupted during each hour of interruption, and
 - 4) an estimate of Xcel's avoided cost during each hour of interruption.
- Require Xcel to file a new proposal for a large industrial real-time pricing (RTP) rate, addressing the issues raised by parties in Docket No. E-002/M-01-387, *In the Matter of NSP d/b/a Xcel Energy Extending Availability Period for Experimental Real Time Pricing Service*.
- Direct Xcel to pursue ongoing information exchange with the Commission, Commission staff, the Minnesota Department of Commerce and the Minnesota Office of Attorney General on issues not addressed in this order.

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.

A discussion ensued regarding Xcel's Time of Use pilot program.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION

Approval Date:

October 17, 2002

Burl W. Haar
Executive Secretary
