

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward A. Garvey	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayner	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of a Request for Investigation of
Northern States Power Company's Practices
Regarding Energy Marketing and the Fuel
Clause

ISSUE DATE: June 15, 2001

DOCKET NO. E-002/CI-00-415

ORDER ACCEPTING FINAL REPORT,
REQUIRING REPORTING AND RECORD
KEEPING AND CLOSING
INVESTIGATION

PROCEDURAL HISTORY

On April 3, 2000, the Residential and Small Business Utilities Division of the Office of Attorney General (RUD-OAG) filed a request that the Commission initiate a summary investigation under Minn. Stat. § 216B.21 into Northern States Power Company's (NSP) automatic adjustment of its electric rates. The purpose of the investigation would be to determine whether NSP's practices related to costs included in its retail electric fuel adjustment clause and costs assigned to wholesale electric sales result in a rate that is just and reasonable.

On April 7, 2000, the Commission requested comments on this issue. On April 27, 2000, comments were received from Minnesota Power, Dakota Electric, Legal Services Advocacy Project, Department of Commerce, Northern States Power, Office of Attorney General and Otter Tail Power. On May 9, 2000 reply comments were received from Minnesota Power. On May 10, 2000 reply comments were received from the RUD-OAG and Northern States Power.

On July 20, 2000, the Commission issued its ORDER REQUIRING PARTIES TO MEET AND FILE A REPORT OR UPDATE WITHIN 45 DAYS. The parties would have 30 days from the filing of the report to comment. The report was to include suggestions to improve monthly reporting to allow more effective monitoring of allocations to wholesale sales.

In the period between the Commission's July 20, 2000 Order and April 20, 2001, the Commission issued three Orders accepting updates and setting due dates for further reports or updates.¹

On April 20, 2001, the RUD-OAG filed its final report in this matter. The report concluded that the RUD-OAG no longer believes that a formal Commission investigation is warranted provided that NSP complies with reporting requirements set forth in the report.

On June 7, 2001, this matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. RUD-OAG Final Report

This report detailed the RUD-OAG's findings after completion of an investigation into whether NSP was using its fuel adjustment clause properly. The report stated, inter alia, that

After analyzing the information provided by NSP in response to the question raised by the OAG and after meeting with NSP and the Department to clarify all outstanding questions, the OAG found no evidence that NSP has misused the electric fuel adjustment clause by selling its low-cost generation on the wholesale market at the same time it purchased electricity for residential consumers.²

The report, however, indicated that the manner in which NSP reports its information should be improved to allow for more effective monitoring of allocations to wholesale sales. Further, the report indicated that the level of effort and detail required to review hourly transactions is significant. For these reasons the OAG recommended several reporting and record keeping requirements as follows:

Record Keeping requirements:

NSP should retain together in one file, to the extent possible, the day-ahead load forecast, the day-ahead plan, the event log for the day, and actual sales and purchases made for each day and their associated costs.

Reporting Requirements:

¹ See ORDER ACCEPTING UPDATE AND REQUIRING A FURTHER REPORT OR UPDATE, dated September 8, 2000; ORDER ACCEPTING UPDATE AND ESTABLISHING JANUARY 10, 2001 AS THE DUE DATE FOR THE REPORT OR FURTHER UPDATE, dated November 28, 2000; and ORDER ACCEPTING UPDATE AND ESTABLISHING MARCH 1, 2001 AS THE DUE DATE FOR THE REPORT OR FURTHER UPDATE, dated February, 13, 2001.

² April 20, 2001 Final Report by the RUD-OAG, page 4.

NSP should provide with its annual fuel clause report a monthly comparison of generation costs allocated to retail and wholesale for the summer months of June, July and August.

NSP should inform the RUD-OAG, the Department of Commerce (DOC) and the Commission of any changes in its allocation policy or changes in allocation tools used.

The RUD-OAG concluded that a formal Commission investigation is no longer warranted provided that NSP complies with the record keeping and reporting requirements, above.

II. Position of NSP and the DOC

The RUD-OAG final report indicated that NSP agreed to provide the reporting and record keeping as recommended by the RUD-OAG. The DOC, the report stated, also agreed with this approach.

III. Commission Action

The Commission recognizes that the RUD-OAG, the party originally requesting the investigation, has recommended that no further investigation is warranted and that no party recommended expansion of the investigation to include other utilities and other issues. For this reason the Commission will accept the final report and close this docket.

Further, the Commission accepts that additional reporting and record keeping requirements will allow for more effective and efficient monitoring of fuel clause usage. The recommendations for additional reporting and record keeping, as set forth above, are reasonable and have been agreed to by all parties. The Commission will, therefore, order NSP to comply with the RUD-OAG recommendations for additional reporting and record keeping.

ORDER

- 1. The Commission accepts the final report submitted by RUD-OAG on April 20, 2001 and shall close the docket.**
- 2. NSP shall provide with its annual fuel clause report a monthly comparison of generation costs allocated to retail and wholesale for the months of June, July and August.**
- 3. NSP shall inform the RUD-OAG, the DOC and the Commission of any changes in its allocation policy or changes in allocation tools used.**

4. NSP shall retain together in one file, to the extent possible, the day-ahead load forecast, the day-ahead plan, the event log for the day, and the actual sales and purchases made for each day and their associated costs.
5. NSP's day-ahead plan shall include all MWHs of purchases that are streamed to native load in the plan. The MWHs of purchases from participation power agreements shall be listed in the plan. At a minimum they shall be listed in the aggregate.
6. NSP shall make all reasonable efforts to time-stamp transactions.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

**Burl W. Haar
Executive Secretary**

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