

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 by Northern States
Power Company d/b/a/ Xcel Energy for
Approval of its 2001 CIP Tracker Account,
DSM Financial Incentive and CIP Adjustment
Factor

ISSUE DATE: July 18, 2002

DOCKET NO. E-002/M-02-471

ORDER EXTENDING VARIANCES AND
REQUIRING FILING

PROCEDURAL HISTORY

On April 1, 2002, Xcel filed a petition requesting Commission approval of 1) recovery of 2001 electric Conservation Improvement Program (CIP) expenditures of \$37,169,249, 2) recovery of a DSM financial incentive of \$10,244,408 for calendar year 2001, and 3) a revised CIP adjustment factor of 1.45 percent, assuming an adjustment change in the first billing cycle of July. Xcel also requested variances from Minn. Rules, Parts 7820.3500 (k) and 7825.2600 so that it could continue to calculate the CIP adjustment rate as a percent of bill and combine the fuel adjustment and CIP adjustment factor on one line in the bill.

On May 31, 2002, the Minnesota Department of Commerce (the Department) filed comments recommending that the Commission approve 1) a DSM financial incentive of \$10,226,310 (a reduction of \$8,098 less than what Xcel requested), 2) a year-end CIP tracker balance of \$11,010,208 (a reduction of \$82,442 from what Xcel requested), and 3) a CIP adjustment factor of 1.44 percent (a reduction of 0.01 percent from what Xcel proposed). The Department supported the Company's request for further extension of the variances from Minn. Rules, Parts 7820.3500 (k) and 7825.2600.

On June 19, 2002, Xcel filed reply comments providing further argument for the figures requested in its initial filing.

On July 3, 2002, the Department's Commissioner decided the CIP program issues that had led Xcel and the Department to the different recommendations on the CIP numbers in this matter cited above. Consequently, Xcel and the Department proposed agreed upon numbers in this matter on July 11, 2002.

The Commission met to consider this matter on July 11, 2002.

FINDINGS AND CONCLUSIONS

Accepting the Department's Commissioner's decision regarding Xcel's 2001 CIP expenditures and energy savings, Xcel and the Department have agreed on the main items the Commission must determine in this matter (the numbers regarding the Company's 2001 CIP expenditures and energy savings) as follows:

DSM financial incentive for 2001	\$10,244,408
CIP expenditures for 2001	\$37,154,938
2001 year-end tracker balance	\$11,078,250
CIP adjustment factor	1.45 percent

The Commission recognizes that the CIP adjustment factor was calculated assuming a July 1 effective date and that it will have to be adjusted to reflect implementation of the CIP adjustment factor in the August billing cycle. With that clarification, the Commission finds that the numbers appearing above are appropriate and will approve them.

Prior to implementing the new CIP adjustment factor, however, Xcel will be required to make a compliance filing with the Commission and the Department, reflecting any adjustments or recalculations of the level of CIP cost recovery, financial incentive, and CIP adjustment factor based on 1) the July 3, 2002 Decision by the Commissioner of Commerce regarding Xcel's 2001 electric CIP expenditures and savings and 2) the revised effective date for the adjustment factor. The compliance filing will also include the relevant tariff sheets to comply with the Commission's Order and the Commissioner's July 3, 2002 Decision.

Regarding Xcel's request to extend the variances to Minn. Rules, Parts 7820.3500 (k) and 7825.2600, the Commission finds that these variances are warranted and, therefore, will extend them for another year. The Commission's rule for granting variances (Minn. Rules, Part 7829.3200) establishes three requirements for a variance and the Commission finds that these elements have been met in this case:

- 1) enforcing Minn. Rules, Parts 7820.3500 (k) and 7825.2600 by prohibiting Xcel from calculating the CIP adjustment rate as a percent of bill and from combining the fuel adjustment and CIP adjustment factor on one line in the bill would impose an excessive burden on ratepayers and the Company;
- 2) extending the variances another year would not be contrary to the public interest;
and
- 3) the variances do not conflict with any standard imposed by law.

ORDER

1. The Commission hereby grants Xcel's request to continue variances to Minn. Rules, Parts 7820.3500 (k) and 7825.2600 for another year.

2. Prior to implementing the new CIP adjustment factor, Xcel shall make a compliance filing with the Commission and the Department reflecting any adjustments or recalculation of the level of CIP cost recovery, financial incentive, and CIP adjustment factor based on
 - 1) the decision by the Commissioner of Commerce's July 3, 2002 decision regarding Xcel's 2001 CIP expenditures and energy savings in this matter, and
 - 2) the revised effective date for the adjustment factor.

The compliance filing must also include the relevant tariff sheets to comply with the Commission's Order and the Commissioner's Decision.

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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