

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye	Chair
Marshall Johnson	Commissioner
Ken Nickolai	Commissioner
Phyllis A. Reha	Commissioner
Gregory Scott	Commissioner

In the Matter of Xcel's Petition for Approval to Discontinue Funding of Tax Advantaged External Fund (VEBA Fund) for Retiree Medical Costs and the Withdrawal of the Accumulated VEBA Fund Balance over a Five-Year Period

ISSUE DATE: December 26, 2003

DOCKET NO. E,G-002/M-02-2188

ORDER DENYING RECONSIDERATION

PROCEDURAL HISTORY

On October 17, 2003, the Commission issued an Order in this case granting Xcel Energy's petition to stop funding its external Voluntary Employee Benefit Association (VEBA) trust and to withdraw funds from that trust, amortizing the trust balance over a 13-year period. These actions were necessitated by the Company's substitution of an increased pension benefit in place of the post-retirement health insurance benefits it had previously offered actively working employees.

The Order also stated that the Commission was considering opening a new proceeding to examine issues relating to the future rate recoverability of the costs of both post-retirement health insurance benefits and the replacement benefit, as well as the appropriate allocation of amounts collected in rates between the costs of both types of benefits. To assist in determining whether to open that new proceeding, the Commission required the Company to make a compliance filing detailing the amounts collected in rates for both the old and new health insurance and pension benefits.

On November 6, 2003, Xcel filed an application for rehearing of the October 17 Order, stating that any decision in the potential new proceeding to disallow rate recovery of pension or post-retirement health insurance costs or to reallocate amounts collected to recover these costs, would constitute impermissible single-issue or retroactive ratemaking. The Company stated that it filed the rehearing request to ensure that it did not lose its ability to appeal any disallowance of rate recovery that might result from Commission examination of the compliance filing and related pleadings.

On December 18, 2003, the petition for rehearing came before the Commission.

FINDINGS AND CONCLUSIONS

The Commission will deny the request for rehearing because the Commission believes that the October 17 Order accurately and adequately conveys its intention to take no action in this docket on the rate or cost-allocation consequences of the Company's decision to substitute an increased pension benefit for the post-retirement health insurance benefits it previously offered or on the rate or cost-allocation consequences of the financial actions authorized under the October 17 Order. Those issues, if they are taken up at all, will be taken up in a new and separate docket under the terms of the October 17 Order.

The Commission will therefore deny the request for rehearing.

ORDER

1. Xcel's November 6, 2003 petition for rehearing is hereby denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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