

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye

Chair

Ken Nickolai

Commissioner

Marshall Johnson

Commissioner

Phyllis Reha

Commissioner

Thomas Pugh

Commissioner

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Phillip J. Zins  
Manager, Pricing and Planning  
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SERVICE DATE: JULY 17, 2006

DOCKET NO. E-002/M-06-589

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In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy for Renewal of Variances to the Fuel Clause Adjustment Rules

The above entitled matter has been considered by the Commission and the following disposition made:

1. **Granted Xcel variances to Minnesota Rules 7825.2400 and 7825.2600 for one year until the Commission takes other action pursuant to Xcel's Petition for MISO Day 2 cost recovery in Docket No. E-002/M-04-1970, whichever comes first, to:**
  - a. **Allow the monthly FCA to be based on the use of a month-ahead forecast on energy costs;**
  - b. **Allow the monthly FCA to be prorated based on the number of billing days in each cycle;****and**
  - c. **Allow a monthly true-up of the differences between costs and recovery;**
2. **In its next forecasted FCA Compliance Report, Xcel shall:**
  - a. **Provide a calculation of what the monthly FCA would have been absent this change;**

- b. Provide a calculation of what the monthly FCA was under the pilot;**
  - c. Describe how closely the FCA under the pilot program mirrors actual costs;**
  - d. Discuss alternative true-up methods;**
  - e. Include the Company's recommendations for the future of the pilot; and**
  - f. Describe and explain the performance of the forecast in predicting fossil fuel costs, purchased energy costs, nuclear fuel costs, system MWh sales, net system costs, and MISO Day 2 Costs;**
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**3. In its monthly AA filings, Xcel shall:**

- a. Report whether MISO Day 2 costs are included in its forecasted costs, and**
- b. If so, report on the effect of MISO Day 2 costs on the forecast; and**

**4. If Xcel's forecast deviates from actual fuel costs per kWh by 20 percent or more, Xcel shall report this issue in its monthly AA filing two months later.**

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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