

The Commission met on **Thursday, August 11, 2011**, with Commissioners Anderson, Boyd, O'Brien, and Reha present.

The following matters were taken up by the Commission:

### **ENERGY AGENDA**

#### **E-299, 132/SA-11-498**

**In the Matter of the Joint Request to Modify Electric Service Territory Boundaries**  
Matter pulled

#### **G-002/M-11-413**

**In the Matter of the Petition for Approval of Amendments to the Underground Gas and/or Electric Distribution Agreement**

Commissioner Reha moved that the Commission approve the petition with the two modifications recommended by the Department that will make Xcel's Underground Gas and/or Electric Distribution Agreement in the Company's Gas Rate Book identical to the same document in Xcel's Electric Rate Book.

The motion passed 4-0.

#### **G-007,011/M-11-296**

**In the Matter of the Petition Requesting Approval for an Extension of Variances to Minnesota Rules 7825.2400, 7825.2500 and 7825.2700 (the Purchased Gas Adjustment Rules) Originally Approved by the Commission in Docket No. G007,011/M-03-831 and Extended in Docket Nos. G007,011/M-06-1358 and G007,011/M-09-262.**

Commissioner Boyd moved that the Commission allow the variance for two years, as follows:

1. Find that MERC's variance extension request complies with the requirements set forth in Minnesota Rules 7825.3200;
2. Extend the variance to Minnesota Rules parts 7825.2400, 7825.2500, and 7825.2700 for a two-year period ending June 30, 2013;
3. Allow the variance to apply to all Commission-approved financial positions that either MERC-PNG or MERC-NMU enter into during the period of the two-year variance extension ending June 30, 2013;
4. Continue to allow MERC-PNG and MERC-NMU to engage in put options in combination with call options to form a collar, but deny MERC's use of put options for any other reasons without specific Commission approval;

5. Require MERC-PNG and MERC-NMU to identify separately, in the commodity portion of their monthly PGA filings, the amount of anticipated financial instrument costs and/or benefits included in the calculation of the PGA rate;
6. Require MERC-NMU and MERC-PNG to include, in their requests for approval of changes in demand entitlements submitted on or about November 1st of each year, the following:
  - a. a list of all financial-instrument arrangements entered into for the upcoming heating season;
  - b. the cost premium associated with each contract;
  - c. the size (in Mcf) of each contract;
  - d. the contract date;
  - e. the contract price;
  - f. an attachment that details the projected total system sales estimates for the upcoming heating season, including all supporting data and assumptions used when calculating the sales forecast, and the total number of volumes hedged using financial instruments for the upcoming heating season; and
  - g. a detailed discussion of the anticipated benefits to ratepayers related to MERC's financial-instrument contracts.
7. Require MERC-PNG and MERC-NMU to include data on the relative benefits of price-hedging contracts, including the average cost per dekatherm for natural gas purchased under financial instruments compared to the comparable monthly and daily spot index prices, in the companies' yearly Automatic Annual Adjustment (AAA) reports due on September 1st of each year, together with:
  - a. a list of each hedging instrument entered into;
  - b. the total volumes contracted for in each instrument; and
  - c. the net gain or loss, including all transaction costs for each instrument in comparison to the appropriate monthly and daily spot prices.
8. Require MERC-PNG and MERC-NMU to provide, in its Annual Fuel Report filed yearly on or about September 1st, a full post-mortem analysis of its hedged volumes for the preceding heating season compared to other hedging strategies and the prevailing market prices strategy; and
9. Require MERC, in its next request for a PGA rule variance, to demonstrate that ratepayers benefit from hedging and that there is not an undue price penalty.

The motion passed, 4-0.

**E-002/M-08-440**

**In the Matter of Xcel Energy's Petition for a Determination of Entitlement to Renewable Attributes of Energy Purchases Pursuant to Renewable Energy Requirements**

Commissioner O'Brien moved that the Commission grant the petitions for rehearing and reconsideration for the purposes of tolling the time period.

The motion passed, 4-0.

**Docket No. E-002/M-11-141**

**In the Matter of a Petition by Northern States Power Company d/b/a Xcel Energy for Approval of an Amendment to a Power Purchase Agreement with Lake Benton Power Partners, LLC**

Commissioner Reha moved that the Commission approve Xcel's request for approval of the amended PPA with Lake Benton.

The motion passed, 4-0.

**IP-6851.WS-10-1238**

**In the Matter of the Application of Big Blue Wind Farm, LLC for a 36 Megawatt Large Wind Energy Conversion System in Faribault County**

Commissioner Reha moved to adopt the Findings of Fact, Conclusions of Law, and Order prepared for the Big Blue Wind Farm by the EFP staff and to issue the proposed LWECS site permit to Big Blue Wind Farm, LLC, with an amendment to section 6.7 to require that the avian and bat protection plan be approved prior to construction.

The motion passed 4-0.

**In the Matter of the Application of Ellerth Wind LLC for Certificate of Need for a 98.9 Megawatt Wind Project in Marshall County**

Commissioner Boyd moved to accept the application as substantially complete as supplemented on June 29, 2011; to direct the use of the informal review process; to delegate timing authority to the Executive Secretary; and to adopt the additional items identified by staff as likely to facilitate the informal review process.

The motion passed 4-0.

**In the Matter of the Joint Application of Black Oak Wind, LLC and Getty Wind, LLC for a Certificate of Need for an Up to 82 Megawatt Large Wind Project in Stearns County**

Commissioner Boyd moved to approve the exemption request as proposed and to take no action at this time on the request for a determination on the applicability of the certificate of need statute to the two projects if they maintain separate ownership.

The motion passed 4-0.

**TELECOMMUNICATIONS AGENDA**

**P-421, et.al./PA-10-456**

**In the Matter of the Joint Petition for Approval of Indirect Transfer of Control of Qwest Operating Companies to CenturyLink**

**P-5340,5643,5323,5981,438,465,5986,421/C-11-684**

**In the Matter of the Complaint by Joint CLECs against Qwest and CenturyLink Regarding OSS Implementation**

Commissioner Boyd moved to do the following:

1. Determine that the Commission's intent in issuing its Order Accepting Settlement Agreements and Approving Transfer of Control Subject to Conditions (March 31, 2011) in Docket No. P-421, *et al.*/PA-10-456, is consistent with the interpretation articulated by the following competitive local exchange carriers (CLECs): Eschelon Telecom of Minnesota, Inc. d/b/a Integra Telecom and Integra Telecom of Minnesota (Integra); McLeodUSA Telecommunications Services L.L.C. d/b/a PAETEC Business Services; tw telecom of minnesota llc ; Popp.Com; US Link, Inc., d/b/a TDS Metrocom, LLC; and Velocity Telephone, Inc. (collectively, the Joint CLECs) as well as Cbeyond Communications, LLC; and DIECA Communications, Inc., d/b/a Covad Communications Company.
2. Direct Qwest and CenturyTel, Inc. (collectively, the Merged Company) to:
  - A) immediately cease its planned implementation of the Maintenance Ticketing Gateway (MTG) during the 30 month moratorium period established in the March 31, 2011 Order; and
  - B) fully comply with all of the substantive and procedural provisions of the Integra and Joint CLEC Settlement Agreements as outlined in the Commission's March 31, 2011 Order.

3. Direct the Merged Company to make a compliance filing within 30 days detailing the specific concerns and risks associated with the Merged Company's current operational support system, and invite interested parties to file reply comments within the period established by the Commission's Executive Secretary.
4. Direct the Merged Company to work with the CLECs in the development of the MTG or other alternatives.
6. Find that the complaint filed in Docket No. P5340,5643,5323,5981,438,465,5986,421/C-11-684 is within the Commission's jurisdiction and that there are reasonable grounds to investigate the matter; serve the complaint and require the Merged Company to file an answer to the complaint within 20 days pursuant to Minn. Rules, part 7829.1800, subpart 2; note that interested parties may file comments and replies pursuant to Minn. Rules, part 7829.1900, subparts 2 and 3.
7. Consolidate Docket No. P-421, *et.al.*/PA-10-456 and Docket No. P-5340,5643,5323,5981,438,465,5986,421/C-11-684.

The motion passed 4 – 0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: August 31, 2011**



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**Burl W. Haar, Executive Secretary**