

The Commission met on **Tuesday, November 22, 2011**, with Vice Chair Reha presiding and Commissioners Boyd and O'Brien present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

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

P-421,et al./C-11-684

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

Commissioner Boyd moved that the Commission approve the proposed Protective Order.

The motion passed 3-0.

ENERGY AGENDA

E-002/M-11-1031

In the Matter of Northern States Power Company d/b/a Xcel Energy's Request for a Variance to the Billing Error Rules

Commissioner Boyd moved that the Commission:

1. Grant Xcel's request for a variance, and one-time modification to the terms of its billing error tariffs.
2. Direct Xcel to work with the customer involved in the billing error dating back to 1997 to determine the additional refund amount owed.

The motion passed 3-0.

E-002/PA-11-902

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval to Sell Salvaged Wescott Plant Equipment to Dresser Rand

Commissioner O'Brien moved that the Commission:

1. Approve the sale of the equipment and require Xcel Energy to file its accounting entries for the equipment involved, as well as the entries relating to deferred income tax within 60 days of the close of the transaction.

The motion passed 3 – 0.

E-071/M-11-992

In the Matter of Otter Tail Power Company's Annual Petition for Updating the Composite Rate and Extension of Accounting Variance

Commissioner Boyd moved that the Commission:

Approve Otter Tail's composite rate effective January 1, 2012 and grant Otter Tail's request for a variance from Minnesota rules to exclude the WAPA power allocation from the cost of energy.

The motion passed 3-0.

E-111/M-11-987

In the Matter of Dakota Electric Association's Petition to Discontinue Future Annual Conservation Tracker Account Reports.

Commissioner Boyd moved that the Commission approve DEA's petition to eliminate the requirement to submit future Annual conservation Tracer Account Reports.

The motion passed 3-0.

E-111/M-11-988

In the Matter of Dakota Electric Association's Annual Conservation Tracker Account Report

Commissioner Boyd moved that the Commission approve DEA's petition.

The motion passed 3-0.

G-002/M-11-279

In the Matter of the Petition of Xcel Energy for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive and Conservation Cost Recovery Adjustment

This item was pulled.

G-008/M-11-383

In the Matter of the Petition of CenterPoint Energy for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive and Conservation Cost Recovery Adjustment

Commissioner O'Brien moved that the Commission:

1. Approve CPE's proposed 2010 gas DSM financial incentive of \$3,493,921 to be included in the Company's gas CIP tracker account no sooner than the issue date of the Commission's Order in this matter.

2. Require CPE to work with the Department to implement a new method of counting the energy savings from behavioral programs that will reflect the concerns raised by the Department in this docket. These changes should be applied to the calculation of CPE's 2011 DSM financial incentive.
3. Approve CPE's 2010 CIP tracker account, as provided in the Company's Petition and amendment to the Petition and summarized in Table 1 of the Department's initial comments (page 5), including 2010 employee-related CIP expenses of \$28,852 and 2010 carrying charges of \$296,465.
4. Approve CPE's implementation of a CCRA of \$0.000981 per therm beginning in the first billing cycle in the next full month after Commission approval, conditioned on the Company submitting, within 10 days of the date of the Order in this matter, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter. CPE's approved CCRA factor will be in effect for a twelve month period or until the Commission approves a new CCRA factor.
5. Require CPE to include the bill message, as recommended by the Department, in the billing month immediately following the date of the Order in this matter:

CenterPoint recovers the costs of its energy conservation programs in Minnesota through a Conservation Cost Recovery Adjustment (CCRA). The CCRA is an annual adjustment subject to Minnesota Public Utilities Commission approval. Based on actual and anticipated energy efficiency costs, the revised 2011 CCRA, as approved by the Commission, will be \$0.00981 per therm, effective [insert date]. Learn more about reducing your energy use by visiting our website at www.centerpointenergy.com or calling us at 1-800-25-2377.

6. Approve CPE's request to update the tariff language in Section V (Conservation Improvement Program Adjustment Rider) of its tariffs, in the tariff paragraph entitled "Determination of Conservation Improvement Program Adjustment Factor" (as proposed by CPE in its initial Petition, page 31).
7. Effective January 31, 2012, require CPE to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012. Direct CPE in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre- and post January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used. This pre- and post information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of the Department.

8. Find that CPE's Conservation Improvement Program Adjustment Rider tariff does not provide for exemption from conservation improvement charges for Large customer Facilities defined in Minn. Stat. § 216B.241, subd. 1 (i) (2). The Company is directed to file, for Commission review and approval, conservation improvement charges for Large Customers Facilities, which may be exempted by the Commissioner of the Department.
9. Staff will issue a notice seeking comments, on the interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for new CIP exempt customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21, and 31, as well as on other related issues and information.
10. CPE shall continue to recover CIP-related expenses for period prior to the January 1, 2012 from new CIP exempt customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21, and 31, as discussed above. Any CIP-related expenses recovered from the newly exempt customers will be subject to true-up and refund at some future time.

The motion passed 3-0.

G-004/M-11-404

In the Matter of the Petition of Great Plains Natural Gas Co. for Approval of its 2010 CIP Tracker Account, 2010 DSM Financial Incentive, and Conservation Cost Recovery Adjustment

Commissioner Boyd moved that the Commission:

1. Approve Great Plains' proposed 2010 gas DSM financial incentive of \$3,493,921 to be Included in the Company's gas CIP tracker account no sooner than the issue date of the Commission's Order in this matter.
2. Approve Great Plains' 2010 CIP tracker account, as provided in the Company's Petition and amendment to the Petition and summarized in Table 1 of the Department's initial comments (page 5), including 2010 employee-related CIP expenses of \$28,852 and 2010 carrying charges of \$296,465.
3. Approve Great Plains' proposed level for the CCRA of \$0.0504 per dk for all customer classes, including the Large Interruptible and Transportation classes.
4. Require that the specific level of the CCRA, as approved by the Commission, be effective within 10 days of the date of this Order, conditioned on Great Plains submitting, within 10 days of the date of the Order, a compliance filing with the relevant tariff sheets and necessary calculations that comply with the Commission's determinations.

5. Require Great Plains to include the Company's proposed bill message in bills, to be implemented within 10 days of the date of the Order, condition on Great Plains submitting a compliance as outlined in decision alternative #4 above. The bill message should read:

Great Plains recovers cost changes in its energy conservation programs from the base established in 2007 through a Conservation Cost Recovery Adjustment (CCRA) subject to MN Public Utilities Commission approval. A CCRA of \$0.0504 per dk as shown in the Resource Adjustment above is effective. Learn more about reducing your energy use by visiting our website at www.gpng.com or calling us at 1-877-267-4764.

6. Effective January 1, 2012, require Great Plains shall begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012. Great Plains shall, in its CIP tracker, DSM incentive, and CCRA filing in 2012, report on the pre- and post January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used. This pre- and post information shall also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of the Department.
7. Find that Great Plains' Conservation Improvement Program Adjustment Rider tariff does not provide for exemption from conservation improvement charges for Large customer Facilities defined in Minn. Stat. § 216B.241, subd. 1 (i) (2) or Commercial Gas Customers defined in Minn. Stat. § 216B.241, subd. 1a (c). The Company shall file, for Commission review and approval, revised tariffs governing the application of conservation improvement charges for Large Customers Facilities, which may be exempted by the Commissioner of the Department.
8. Staff will issue a notice seeking comments, on the interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for new CIP exempt customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21, and 31, as well as on other related issues and information.
9. Great Plains shall continue to recover CIP-related expenses for period prior to the January 1, 2012 from new CIP exempt customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21, and 31, as discussed above. Any CIP-related expenses recovered from the newly exempt customers will be subject to true-up and refund at some future time.

The motion passed 3-0.

G-007,011/M-11-545

In the Matter of the a Request by Minnesota Energy Resources Corporation (MERC) for Approval of a Tax Allocation Agreement

Commissioner Boyd moved that the Commission approve MERC's proposed Tax Allocation Agreement.

The motion passed 3-0.

E-001/M-11-494

In the Matter of Interstate Power and Light Company's (IPL) Petition for Renewal for a Variance to the Fuel Clause Adjustment (FCA) Rules

Commissioner Boyd moved that the Commission:

1. Grant IPL a continued variance to the FCA through June 30, 213, allowing IPL to recover the cost of financial hedging.
2. Require IPL to continue to annually report its hedging activity each June 30, including a list of financial instruments entered into, relevant terms of the financial instruments (such as MWh contracted, price, etc.). Require the annual reports to include for each month:
 - a. IPL's hedged and non-hedged volatility and its hedged and spot non-hedged purchase cost (in the same format as in Exhibits 2 and 3 of IPL's filing in this docket)
3. Approve a cap on financial hedging under the variance as provided for on pages 38-40 of 49 in Exhibit 1, IPL energy Risk Management Plan.
4. Require IPL to, in its next annual hedging report, expand on, and quantify, the effect of financial instruments on lowering the net cost of purchased power, mitigating risk, and maintaining IPL's ability to obtain the lowest cost resources on behalf of its retail customers.
5. Require, as a condition of the variance, that speculative financial hedging is not allowed for purposes of providing service to native load customers.
6. Require that IPL follow the cost accounting rules set forth in Exhibit 1, page 8 of 49, IPL Energy Risk Management Plan.

The motion passed 3-0.

G-008/GR-05-1380

In the Matter of the Application of CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota

G-002/GR-06-1429

In the Matter of the Application of Northern States Power Company, a Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy Inc., for Authority to Increase Rates for Natural Gas Service in Minnesota

G-007,011/M-07-1131

In the Matter of the Petition Submitted by Minnesota Energy Resources Corporation for Approval by the Minnesota Public Utilities Commission of a Gas Affordability Service Program

G-004/M-07-1235

In the Matter of the Petition by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., for Approval of a Gas Affordability Service Program

G-001/M-07-1295

In the Matter of a Petition Submitted by Interstate Power and Light Company Requesting Approval by the Minnesota Public Utilities Commission of a Proposed Natural Gas Affordability Program, Including a Cost Recovery Surcharge

G-002/CI-08-1175

In the Matter of Greater Minnesota Gas, Inc.'s Failure to File an Affordability Program Under Minn. Stat. § 216B.16, subd. 15.

Commissioner O'Brien moved that:

1. The Commission accepts the 2010 Gas Affordability Program (GAP) Annual Reports submitted by the utilities listed in this docket.
2. The Commission accepts the 2010 Utility Stakeholder Group Report.
3. Utilities shall implement an application processing goal of processing ninety-five percent of all complete gas affordability program applications within thirty days of receipt by the utility, beginning in the 2012 gas affordability program year.
4. Utilities shall assess periodically whether their gas affordability programs could be more effective and efficient by the use of a third-party administrator. Utilities that already use a third-party to administer their programs shall assess periodically whether this is the most effective and efficient arrangement, including a review of alternatives.
5. The Commission designates the Utility Stakeholder Group an *ad hoc* advisory group that may be called upon, as needed, to address issues related to gas affordability programs.

6. Each utility shall require its third-party administrator to make GAP applications available electronically on the administrator's websites as a condition of being the third-party administrator for the program.
7. Each utility shall call or mail reminders to its GAP customers after one missed payment to reduce the number of customers removed from the GAP due to missing two consecutive monthly payments.
8. Each utility shall cross-promote its GAP with other bill payment and conservation assistance programs.
9. The Commission accepts Xcel Energy's explanation for its 2010 and year-to-date 2011 GAP customer retention rates.
10. The Commission accepts Great Plains' explanation for the absence of an arrears reduction in 2010 due to GAP and its explanation of its arrears reduction due to GAP in 2011.
11. The Commission accepts IPL's explanation for the absence of an arrears reduction in 2010 due to GAP and its explanation of its arrears reduction due to GAP in 2011.

The motion passed 3-0.

G-007,011/M-07-1131

In the Matter of the Petition Submitted by Minnesota Energy Resources Corporation for Approval by the Minnesota Public Utilities Commission of a Gas Affordability Service Program

Commissioner O'Brien moved that:

1. The Commission accepts Minnesota Energy Resource Corporation's (MERC) evaluation of its pilot gas affordability program.
2. The Commission authorizes MERC to continue its pilot gas affordability program for an additional four years (until December 31, 2015) with an evaluation to be submitted by May 31, 2015 and annual reports by March 31 of each year.
3. MERC shall maintain the Company's six "percent of income" credit component of its program design.
4. MERC shall maintain the Company's arrears forgiveness component of its program design.
5. MERC shall allow customers without arrears at the time of enrollment to participate for twelve months and customers with arrears at the time of enrollment to participate for twenty-four months.

6. MERC shall maintain the gas affordability program's annual budget of \$1 million.
7. The Commission authorizes MERC to consolidate the gas affordability programs for MERC-PNG and MERC-NMU effective with rate area consolidation in MERC's pending 2010 rate case in Docket No. G-007,011/GR-10-977.
8. The Commission authorizes the Company to recover the projected tracker balance as of December 31, 2011, amortized over a four-year period plus the \$1 million proposed annual budget through a revised per therm rate (\$.00441 per therm) based on the following:
 - (a) an updated estimate of year-end 2011 GAP tracker balances; and
 - (b) an updated estimate of firm (i.e., General Service) sales from the 2010 rate case.
9. The Commission authorizes a carrying charge on the consolidated gas affordability program tracker balance effective January 1, 2012, at MERC's currently authorized rate of return. MERC shall update the rate of return applied to this tracker account at the end of its pending rate case in Docket No. G-007,011/GR-10-977.
10. MERC shall submit revised tariff sheets that reflect the Commission's decision in this docket within ten days of the date of this Order.
11. MERC shall notify its customers of any authorized change in the affordability surcharge. MERC shall also notify its customers of the authorized change in the surcharge and inform the Commission of such notification by including the information in the Company's compliance filing required within ten days of the date of this Order. MERC shall include copies of any materials explaining the increase in the affordability surcharge to customers (e.g., bill inserts, customer notices, bill messages, call center phone scripts).

The motion passed 3-0.

G-001/M-07-1295

In the Matter of a Petition Submitted by Interstate Power and Light Company Requesting Approval by the Minnesota Public Utilities Commission of a Proposed Natural Gas Affordability Program, Including a Cost Recovery Surcharge

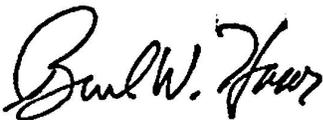
Commissioner Boyd moved that:

1. The Commission accepts Interstate Power and Light's (IPL's) evaluation of its pilot gas affordability program including IPL's use of the tariffed evaluation as an indication of the GAP's cost effectiveness.

2. The Commission accepts IPL's financial evaluation as submitted in the IPL's Evaluation Report.
3. The Commission authorizes IPL to continue its pilot gas affordability program for an additional four year period (through year-end 2015) with another evaluation to be submitted by IPL no later than May 31, 2015, and annual reports to be submitted by March 31st of each year.
4. The Commission authorizes IPL to lower the customer paid portion of the bill (i.e., the percent of income in the affordability component) from six percent to four percent.
5. IPL shall maintain the arrearage forgiveness component in IPL's GAP tariff.
6. IPL shall maintain the gas affordability program's annual budget of \$50,000.
7. The Commission denies IPL's proposal to true up its GAP costs via an annual cost recovery mechanism.
8. The Commission authorizes IPL to make a filing to request recovery of the projected tracker balance as of December 31, 2011, amortized over a four-year period plus the \$50,000 annual GAP budget through a revised per therm rate.
9. IPL shall submit revised tariff sheets that reflect the Commission's decision in this docket within ten days of the date of this Order.

The motion passed 3-0.

APPROVED BY THE COMMISSION: March 1, 2012



Burl W. Haar, Executive Secretary