

The Commission met on **Thursday, June 17, 2010**, with Chair Boyd and Commissioners O'Brien and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

IP-6844/CN-10-429

In the Matter of the Application of Prairie Wind Energy, LLC for a Certificate of Need for a 100 MW Wind Project in Otter Tail County

Commissioner O'Brien moved to do the following:

1. Grant the request of Prairie Wind Energy, LLC (PWE), for exemptions from certain filing requirements of Minn. Rules, chapter 7829, with the exception of rejecting PWE's request not to discuss facilities that do not compare favorably to the Project.
2. Grant a waiver from the 45-day filing requirement of Minn. Rules, part 7849.0200, subp. 6.

The motion passed 3 - 0.

IP-6843/WS-10-425

In the Matter of the Application of Prairie Rose Wind, LLC for a Large Wind Energy Conversion System Site Permit for the 101 MW Prairie Rose Wind Farm in Rock and Pipestone Counties

Commissioner Wergin moved to do the following:

1. Accept the Prairie Rose Wind, LLC Site Permit Application for a Large Wind Energy Conversion System as complete, direct Prairie Rose Wind, LLC (Prairie Rose) to promptly amend the maps to the specifications of the Energy Facilities Permitting staff of the Minnesota Department of Commerce's Office of Energy Security (OES), and require Prairie Rose to provide additional information as requested by the Commission and the Energy Facilities Permitting staff for the Prairie Rose Wind Farm.
2. Authorize the Energy Facilities Permitting staff to name a public advisor for this project.
3. Grant a variance to Minn. Rules, part 7854.0800, to extend for an unspecified but reasonable period of time the period for the Commission to make a preliminary determination on whether a permit may be issued or should be denied.

The motion passed 3 - 0.

E-125,272/SA-10-171

In the Matter of a Joint Petition of the City of Marshall and Lyon-Lincoln Electric Cooperative, Inc. for Approval of the Electric Service Territory Agreement

Chair Boyd moved to do the following:

1. Approve the proposed electric service territory agreement.
2. Direct the City of Marshall to file within 30 days of the order a legal description of the Southwest Minnesota State University area subject to the exception in the Agreement.

The motion passed 3 - 0.

E-001/GR-10-276

In the Matter of the Application of Interstate Power & Light for Authority to Increase Rates for Electric Service in Minnesota

Commissioner Wergin moved to do the following:

1. Accept the filing as being in proper form and substantially complete as of May 7, 2010.
2. Find that the Commission has insufficient time if the rates are suspended for a 10-month suspension period to make a final determination of the Interstate Power and Light (IPL) rate case because of the need to make final determinations on other pending cases involving changes in general rates.
3. Find that the rates should be suspended until July 21, 2011, following IPL's oral waiver of the statutory deadline at the Commission meeting.
4. Require IPL to file supplemental testimony and exhibits containing all the information contemplated by Minn. Laws 2010, Chapter 328, for expense categories not already contained in the filing, such as Board of Director expenses and officer and Board compensation and any categories listed in Chapter 328 for which IPL is seeking rate recovery, within 30 days of the date of the order. Request parties to examine IPL's adjustments to assure that all such expenses either are not included in rates, or are reasonable.

5. Do not require IPL to file supplemental testimony on smart meters and time of use rates under the 2005 Federal Energy Policy Act, but request that parties thoroughly examine time of use rates in the case.
6. With respect to the transfer of assets with conditions from Docket No. E-001/PA-07-540, *In the Matter of the Joint Petitioner for Approval of Transfer of Transmission Assets of Interstate Power and Light Company to ITC Midwest, LLC*, request that parties to this proceeding examine –
 - A. the issue of returning the gain on sale, and the ADIT and ADITC amounts, to Minnesota retail ratepayers and
 - B. the alternative of treating the gain on sale as a source of zero-cost capital to IPL.
7. Request the Administrative Law Judge’s report on or before May 2, 2011.
8. Identify issues requiring development of a complete record (e.g. in testimony, at hearing, and if applicable, in settlement documents) in this case, including:
 - A. The standard rate case issues;
 - B. Issues referred from prior Commission orders; and
 - C. Any issues related to travel, entertainment, and related expenses, time of use rates, and the transfer of assets with conditions from Docket No. E-001/PA-07-540.
9. In the Notice and Order for Hearing, require the following:
 - This Order will be served on IPL, which shall mail copies of the order to all municipalities, counties, and local governing bodies in its Minnesota service area
 - Public Hearings shall be held in this matter at locations within the service area of IPL.
 - IPL shall give the following notices of the evidentiary and public hearings:
 - A. Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.

- B. Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in IPL's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
- C. Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within IPL's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which heading shall appear in bold face type no smaller than 30 points.
- D. IPL shall submit proposed notices for Commission approval prior to publication or service.

10. In the Order Setting Interim Rate do the following:

- A. Order IPL to file with the Commission and the OES interim rate tariff sheets and supporting documentation reflecting the decisions herein. IPL's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
- B. Order IPL to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
- C. Order IPL to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, IPL shall certify this fact to the Commission.
- D. Require IPL to show the pro-rated interim increase as a separate line item the first month that interim rates are applied, and a notice printed on customer bills each month for the duration of interim rates.
- E. Put IPL on notice that the Commission will require that interim rate increases be shown as a separate line item for the duration of interim rates in all future rate cases.

11. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.
12. Approve IPL's revised proposal incorporating a revised cost of capital of 7.962% resulting in a \$14,054,494, or 20.4%, interim rate increase and related rate design, effective for usage on and after July 6, 2010.
13. Direct IPL to file revised financial schedules and calculations (interim rate base, income statement, cost of capital, and revenue summary) and class revenue schedules reflecting the Commission's modifications within 5 days of this meeting.
14. Require IPL to begin refunding the Alternative Transmission Adjustment (ATA) to customers as a \$0.00178 per kilowatt-hour (kWh) credit through the Resource Adjustment Charge at the same time as interim rates are implemented. Require that the amounts be separately identified in IPL's monthly fuel reports. Require an annual filing in Docket No. E-001/PA-07-540 which includes a report on the ATA amounts refunded to IPL Minnesota retail customers in total and by class and the beginning and ending balances in the ATA account.

The motion passed 3 - 0.

E-001/MR-10-277

In the Matter of a New Base Cost of Fuel for Interstate Power & Light

Commissioner Wergin moved to do the following:

1. Accept the proposed system base cost of energy of \$0.02465 per kWh at this time.
2. Direct IPL to file a fuel clause rider that reflects the Commission's order in the instant docket.
3. Determine that if any significant adjustments to the cost of energy occurs as a result of the Rate Case, then the base cost of energy would need to be reconsidered and reflected in final rates subsequent to the Commission's decision in the rate case, Docket No. E-001/GR-10-276, *In the Matter of the Application of Interstate Power & Light for Authority to Increase Rates for Electric Service in Minnesota*.
4. Determine that IPL's fuel clause rider language will be reviewed in the rate case proceeding.

The motion passed 3 - 0.

G-004/M-10-418

Great Plains Natural Gas Co.'s, A Division of MDU Resources Group, Inc., (Great Plains or the Company) Request for Approval of its Proposed 2009 Conservation Improvement Program Tracker Account, Including a Proposed Conservation Cost Recovery Adjustment
G-004/M-10-419

Great Plains' Proposal for No Demand Side Management Financial Incentive for 2009

Commissioner Wergin moved to do the following:

1. Accept the proposal of Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains), to exclude Conservation Improvement Program (CIP) assessment charges of \$17,323 from the calculation of 2009 net benefits.
2. Approve the Great Plains' proposal of no 2009 DSM financial incentive.
3. Approve Great Plains' 2009 CIP tracker account, as provided in Great Plains' Petition and summarized in Table 2 of the OES's June 3, 2010 comments.
4. Accept Great Plains' proposed level of carrying charges for 2009 of \$1,765 as complying with Ordering Paragraph No. 2 of the Commission's Order Approving 2008 CIP Tracker Activity and CIP Adjustment Factor (April 12, 2010) in Docket No. G-004/M-09-508, *In the Matter of Great Plains Natural Gas Company's Request for Approval of the Company's 2008 CIP Tracker Activity, DSM Financial Incentive, and CIP Adjustment Factor*.
5. Accept Great Plains' proposed beginning-year 2009 CIP tracker account balance of \$147,308 as complying with Ordering Paragraph No. 3 of the Commission's April 12, 2010 Order in Docket No. G-004/M-09-508.
6. Approve Great Plains' proposed conservation cost recovery adjustment of (\$0.0125) per dekatherm for all customer classes, as shown in Table 3 of OES comments, to be effective in the earliest billing cycle available after the issue date of this Order.
7. Direct Great Plains to submit, as a compliance filing within 10 days of the issue date of the order, the relevant tariff sheets reflecting the Commission's determinations in the present docket.

The motion passed 3 - 0.

E-015/D-10-223

In the Matter of the Petition of Minnesota Power for Approval of Depreciation Certification

Commissioner Wergin moved to do the following:

1. Approve the request of Minnesota Power (MP) regarding service lives, salvage rates, and resulting depreciation rates to be effective January 1, 2010, with the exception of the Boswell Unit 4 net salvage rate; determine that Boswell 4 salvage rate should remain at (2.81) %, instead of the (5.11) % proposed by MP.
2. Require MP to do the following:
 - a. Provide principles for addressing MP's probability percentages in their next remaining life depreciation study.
 - b. Conduct an external study for decommissioning to be submitted within 90 days after MP's next Integrated Resource Plan.
 - c. Continue to provide in future depreciation studies an explanation and schedule of the differences between each electric generating plant's remaining life used for purposes of depreciation and its planning life used for purposes of resource planning.

The motion passed 3 - 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: JULY 14, 2010



Burl W. Haar, Executive Secretary