

The Commission met on **July 29, 2010**, with Commissioners Boyd, O'Brien, Pugh and Reha present.

The following matters were taken up by the Commission:

TELEPHONE AGENDA

P-5798/M-07-1576

In the Matter of the Petition of Qwest Corporation for Arbitration of an Interconnection Agreement with Arizona Dialtone, Inc. Pursuant to 47 U.S. C. § 252(b)

P-5709/C-07-1577

P-5798/C-07-1577

In the Matter of the Complaint by Qwest Corporation Against Arizona Dialtone, Inc. Regarding Interconnection Agreement Change of Law

Commissioner Pugh moved that the Commission accept the Settlement Agreement, approve the interconnection amendment and close the dockets.

The motion passed, 4 – 0.

ENERGY AGENDA

E-002/M-10-507

In the Matter of the Petition for Approval of a Variance to Minnesota Rules, Part 7820.3800 and the Company's Billing Error Tariff Requirements

Commissioner Pugh moved that the Commission approve Xcel's request for a variance to Minn. Rules, part 7820.3800 and a one-time modification to its Electric Tariff.

The motion passed, 4 – 0.

E-002,132/SA-10-520

In the Matter of the Service Territory Agreements Between Northern States Power Company and People's Cooperative Services

Commissioner Reha moved that the Commission approve the Petition.

The motion passed, 4 – 0.

E-125,272/SA-10-171

In the Matter of the Electric Service Territory Agreement Between the City of Marshall and Lyon-Lincoln Electric Cooperative, Inc.

Commissioner Reha moved that the Commission:

1. Find the description provided in the City's June 24, 2010 filing is adequate to fulfill the requirements of the Commission's June 22, 2010 Order; and
2. Approve the First Amendment to the Agreement.

The motion passed, 4 – 0.

E-118,329/SA-09-1000

In the Matter of the Joint Petition of Willmar Municipal Utilities and Kandiyohi Power Cooperative for Approval of their Service Territory Agreement

Commissioner Pugh moved that the Commission approve the Agreement.

The motion passed, 4 – 0.

E-017/S-10-292

In the Matter of the Petition of Otter Tail Company for Approval of 2010 Capital Structure and Permission to Issue Securities

Commissioner O'Brien moved that the Commission:

1. Approve Otter Tail's request that the capital structure be in effect immediately upon approval and continue in effect until a new 2011 Capital Structure Order is issued by the Commission;
2. Approve a ± 10 percent range around Otter Tail's average value of 51.7 percent for common equity;
3. Approve Otter Tail's requested short-term debt contingency cap of \$98 million;
4. Approve Otter Tail's requested maximum short-term debt issuance of \$170 million at any time the Order is in effect;
5. Approve Otter Tail's total capitalization contingency of \$716,695,000; and
6. Require Otter Tail to provide the following information within 20 days after each non-recurring issuance of securities:
 - the type of security issued;
 - the total amount issued;
 - the purpose of the issuance;
 - the issuance cost associated with the security issuance; and
 - the total cost of the security issuance, including details such as interest rate or cost per share of common equity issued; and

7. Urge the Legislature to revisit the issues raised in this proceeding.

The motion passed, 4 – 0.

Commissioner Boyd further moved that the Commission allow Otter Tail to issue securities without Commission approval as long as the transactions do not result in a capital structure that is out of compliance with this Order. Commissioner Boyd also requested that the Order suggest that the issues raised in this proceeding deserve legislative attention.

The motion passed, 4 – 0.

E-002/M-10-500

In the Matter of Xcel’s Petition for Approval of Settlement Agreement and Amended Power Purchase Agreements with Neshkoro Power Associates, LLC

Commissioner Reha moved that the Commission find that the Settlement Agreement and Amended Power Purchase Agreements with Neshkoro Power Associates, LLC represent reasonable results of the negotiations ordered by the Commission in Docket No. 08-440 and approve Xcel’s requests to approve the amendments to the PPAs.

The motion passed, 4 – 0.

E-002/M-10-313

In the Matter of Xcel’s Request for Approval of Amendment 2 to a Renewable Energy Power Purchase Agreement with Kas Brothers Windfarm, LLC

E-002/M-10-314

In the Matter of Xcel’s Request for Approval of Amendment No. 1 to a Renewable Energy Power Purchase Agreement with Olsen Windfarm, LLC

Commissioner Reha moved that the Commission find that Amendment No. 2 of the Kas Brothers Windfarm Agreement and Amendment No. 1 of the Olsen Windfarm Agreement represent reasonable results of the negotiations ordered by the Commission in Docket No. 08-440 and approve Xcel’s requests to approve the amendments to the PPAs.

The motion passed, 4 – 0.

G-022/M-10-467

In the Matter of the Petition of Greater Minnesota Gas, Inc., for Approval of a Miscellaneous Tariff Change Modification of General Interruptible Service, Rate Code IND1

Commissioner Pugh moved to approve the petition of Greater Minnesota Gas, Inc. (GMG), with the following additional change:

Applicability and Character of Service

Rate schedule applies to interruptible gas service for Customers, and construction heating during the winter months of December, January, and February.

The motion passed 4 – 0.

G-022/GR-09-962

In the Matter of the Application of Greater Minnesota Gas, Inc. for Authority to Increase Rates for Natural Gas Service in the State of Minnesota

Commissioner O'Brien moved to do the following:

1. Adopt the comments and attachments filed by the Minnesota Department of Commerce's Office of Energy Security (OES) on April 13, July 1, and July 16, 2010, along with the recommendations, adjustments and clarifications contained in the OES' filings, as agreed to by Greater Minnesota Gas, Inc. (the Company), and recommended by the Administrative Law Judge, but modified as set forth below.
2. Adopt the capital structure and rate of return proposed by the parties, and also note that the current capital structure involves a greater proportion of debt.
3. Find that 7.87% is an appropriate overall rate of return for the Company.
4. Direct the Company to attempt to increase its equity ratio before its next rate case. Direct the Company to document its efforts to increase the equity ratio in its rate case filing. It is important to increase equity. The Company has indicated to staff that it plans to secure additional equity and the Commission approves such effort.
5. Authorize the tariff language regarding extension policy agreed to by OES and the Company without modification.
6. State that the final order in this docket shall contain summary financial schedules including: a calculation of Greater Minnesota Gas' authorized cost of capital, a rate base summary, an operating income statement summary, a gross revenue deficiency calculation, and a statement of the total allowed revenues. Direct parties to work with Commission staff to prepare such schedules for inclusion in the Order, should modifications be necessary to reflect the Commission's final decision.
7. Require Greater Minnesota Gas to make the following compliance filings within 30 days of the date of the final order in this docket:
 - a. Revised schedules of rates and charges reflecting the revenue requirement and the rate design decisions herein, along with the proposed effective date, and including the following information:

1. Breakdown of Total Operating Revenues by type;
 2. Schedules showing all billing determinants for the retail sales (and sale for resale) of natural gas. These schedules shall include but not be limited to:
 - a. Total revenue by customer class.
 - b. Total number of customers, the customer charge and total customer charge revenue by customer class.
 - c. For each customer class, the total number of commodity and demand related billing units, the per unit commodity and demand cost of gas, the non-gas unit margin, and the total commodity and demand related sales revenues.
 3. Revised tariff sheets incorporating authorized rate design decisions.
 4. Proposed customer notices explaining the final rates, the new monthly customer charges, and the new distribution rates.
- b. A revised base cost of gas and supporting schedules incorporating any changes made as a result of this rate case, and automatic adjustments establishing the proper adjustments to be in effect at the time final rates are implemented.

Direct parties to work with Commission staff in preparing a calculation of the Conservation Improvement Program (CIP) Conservation Cost Recovery Charge (CCRC) based on the decisions made herein for inclusion in the final Order. Direct Greater Minnesota Gas to file a schedule detailing the CIP tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates become effective.

8. Authorize comments on all compliance filings in this matter within 30 days of the date they are filed. Comments are not necessary on Greater Minnesota Gas' proposed customer notice.

The motion passed 4 – 0.

IP-6839/WS-10-119

In the Matter of the Application of Oak Glen Wind Farm, LLC for a Site Permit for a 44-MW Large Wind Energy Conversion System Project in Steele County

Commissioner O'Brien moved to adopt the proposed Findings of Fact, Conclusions of Law, and Order submitted by the OES Energy Facility Permitting Staff, including the minor amendments specified at the hearing, and to issue the proposed Site Permit submitted by that Staff, including the amendments to Condition III.E.8 specified at hearing.

The motion passed 4 – 0.

E-280/TL/09-512

In the Matter of the Application for a High-Voltage Transmission Line Route Permit for the Essar Steel Transmission Project

Commissioner Reha moved that the Commission

- A. Approve and adopt the Administrative Law Judge's Findings of Fact, Conclusions of Law and Order, with the additions recommended by the OES's Energy Facility Permitting Staff; and
- B. Determine that the environmental impact statement and record created at the public hearing address the issues identified in the EIS Scoping Decision; and
- C. Designate the four proposed routes (Routes 1, 2, 3, and 4) and two substation locations (Essar Steel Mine and Essar Steel Plant) as the routes/sites for the construction/implementation of the Essar Steel HVTL project and associated facilities; and
- D. Issue a high-voltage transmission line route permit, in the form and with the conditions recommended by the OES's Energy Facility Permitting Staff.

The motion passed 4 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: AUGUST 18, 2010



Burl W. Haar, Executive Secretary