

The Commission met on **Thursday, January 7, 2010**, with Chair Boyd and Commissioners O'Brien, Pugh, Reha and Wergin present.

ENERGY AGENDA

IP-6830/CN-09-1110

In the Matter of the Application of Paynesville Wind, LLC for a Certificate of Need for the 95 MW Paynesville Project in Stearns County

Commissioner Pugh moved that the Commission grant a variance to Minnesota Rules, part 7849.0200, subp. 5 to extend the period for Commission consideration of the completeness of the application for an unspecified, but reasonable period of time.

The motion was adopted, 5-0.

E-017/D-09-1019

In the Matter of a Petition by Otter Tail Power Company for Approval of 2009 Annual Review of Depreciation Certification

Commissioner Wergin moved that the Commission

1. certify Otter Tail Power Company's proposed service lives, net salvage values, and resulting depreciation rates proposed in its August 28, 2009 Petition, to be effective at January 1, 2010.

The motion was adopted, 5-0.

E-017/M-09-1183

Otter Tail Power Company Petition for Approval of a Variance to the Customer Service Rules Governing Billing Error

Commissioner Wergin moved that the Commission approve Otter Tail Power Company's request for a variance to Minnesota Rules, Part 7820.3800.

The motion was adopted, 5-0.

E,G999/CI-09-970

In the Matter of Updating Language to Comply With Minnesota Statute and Rule Changes

Commissioner Reha moved that the Commission

1. find that utilities should be required to file statutory and rule changes in their tariffs when those statutes or rules affect the service or product offered by the utility (including but not limited to the cold weather rule, billing error rules, and customer protections);

2. approve the tariffs filed in this docket by Xcel, MERC, CenterPoint, and Great Plains Natural Gas; and
3. take the following action with respect to those utilities that did not file tariff updates in this docket:
 - a. accept the proposals of OTP, MP, DEA, and IPL to address tariff updates in their next or pending rate cases; or
 - b. Order OTP, MP, DEA, GMG and IPL to file tariff updates in this docket instead of handling them in their rate cases.

The motion was adopted, 5-0.

E-017/M-09-881

In the Matter of Otter Tail Power Company's Request for Approval of a Transmission Cost Recovery Rider Including the Proposed 2010 Transmission Factor

Commissioner O'Brien moved that the Commission take the actions set forth below:

1. approve the Appleton-Canby project as eligible for inclusion in the cost recovery rider under Minn. Stat. § 216B.16, subd. 7b;
2. approve the Langdon-to-Hensel project as eligible for inclusion in the cost recovery rider under Minn. Stat. § 216B.1645;
3. approve Schedule 26/RECB costs as eligible for inclusion in the cost recovery rider under Minn. Stat. § 216B.16, subd. 7b;
4. adopt OES recommendation to approve OTP's proposed TCR rider with modifications. OES recommended approval of OTP's proposed TCR rider with modifications as follows:
 - a. recommended that OTP be directed to update the wholesale credit each year based on OTP's most recent Attachment O wholesale percentage, and that OTP include all supporting calculations used in calculating that year's revenue credit;
 - b. recommended that the Commission deny recovery of \$87,709.28 in removal costs due to the potential for double recovery related to the Langdon-to-Hensel line (reduces rate base component);
 - c. recommended that OTP be directed to provide detailed actual O&M cost information in future TCR filings to ensure that the OES and interested parties can review the costs;

- d. recommended, regarding MISO Schedule 26 (RECB) costs and revenues, that the Commission state in its Order that it continues to have jurisdiction in considering how and when RECB costs and revenues will be reflected in retail rates, thus preserving the opportunity to consider other mechanisms in the future should such charges become significant, and further direct that
 - (1) ISO Schedule 26 charges will be trued-up to actual costs,
 - (2) MISO Schedule 26 revenues will be included in the TCR rider as soon as they become available,
 - (3) OTP must provide equal treatment of the MISO Schedule 26 costs and revenue (carrying charge on both revenues and expenses),
 - (4) OTP must report MISO Schedule 26 costs and revenues separately in its annual filings to permit review by OES and interested parties;
5. include the additional modifications set forth below:
 - a. reduce recovery amount of \$1,027,642 for \$89,859 of costs accumulated in 2008;
 - b. clarify that Minn. Stat. § 216B.1645, subd. 2a requires the utility to petition the Commission for eligibility for cost recovery prior to seeking cost recovery where review in the resource plan or certificate of need processes is not required;
 - c. make no direction concerning review of the Langdon-Hensel line in the Company's next rate case, recognizing that all costs included in a rate proceeding are subject to review;
 - d. direct OTP to include a five-year forecast with each annual transmission cost recovery rider update;
 - e. do not modify the recommendations of the OES regarding Schedule 26/RECB costs;
 - f. do not modify the recommendations of the OES accepting the 86% energy, 14% demand split proposed by OTP for rate design purposes; and
 - g. accept OTP's commitment, page 10 of its reply, to credit revenues related to the Langdon-Hensel line received from any other entity to the rider while the costs of Langdon-Hensel are being recovered through the rider;
6. direct implementation of the TCR rider effective February 1, 2010;

7. direct OTP to recalculate the TCR rate factors to reflect the decisions of the Commission should the Commission make adjustments for costs incurred prior to the filing of OTP's petition, a determination that a project may be ineligible, other significant modifications to costs allowed for recovery in 2010, or modification of OTP's proposed rate design; file updated calculations and rate factors with the Commission and parties within 10 days of today's meeting;
8. direct OTP to file updated tariff pages within 10 days of the Order in this proceeding; and
9. direct OTP to include notice with customers' bills in the month that the TCR rider rates are implemented. The notice language will be developed through consultation with Commission staff.

The motion passed 5-0.

E,G002/S-09-1161

In the Matter of a Petition by Northern States Power Company for approval of its 2010 Capital Structure and Authorization to Issue Securities Under Minn. Stat. § 216B.49

Commissioner Wergin moved that the Commission

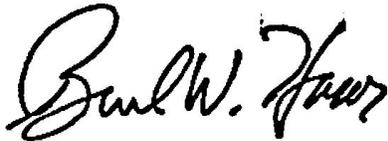
1. approve the petition, incorporating the following recommendations of the OES:
 - approve NSP's requested 2010 capital structure; this approval will be in effect until the 2011 Capital Structure Order is issued;
 - approve a ± 10 percent range around NSP-MN's common equity ratio of 51.5 percent (i.e., a range of 45.99 to 56.21 percent);
 - approve NSP-MN short-term debt issuance not to exceed 15 percent of total capitalization at any time while the 2010 Capital Structure is in effect;
 - approve NSP's total capitalization contingency of \$487 million (i.e., a total capitalization of \$7,500 million, including the \$487 million);
 - continue the variance authorizing NSP-MN to enter into multi-year credit agreements and issue associated notes thereunder, but require NSP-MN to also continue to report on its use of such facilities, including:
 - How often they are used;
 - The amount involved;
 - Rates and financing costs; and
 - The intended uses of the financing;

- approve NSP-MN's request to issue securities provided that the Company remain within the contingency ranges or does not exceed them for more than 60 days;
 - require NSP-MN to obtain Commission's preapproval of any issuance expected to result in the Company remaining outside the Contingency ranges for more than 60 days; and
 - approve NSP-MN's flexibility to use risk-management instruments that qualify for hedge accounting treatment under SFAS No. 815; and
2. direct the Company to develop the schedule showing, for various time periods, the planned investments for each project.

The motion was adopted, 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: JANUARY 20, 2010



Burl W. Haar, Executive Secretary