

The Commission met on **Thursday, December 9, 2010**, with Commissioners Boyd, O'Brien, Pugh, Reha, and Wergin present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-442/M-10-1071

In the Matter of the Proposal of AT&T Communications of the Midwest, Inc. to Discontinue the Provision of Local Service in the Cities of Brainerd, Chaska, Detroit Lakes, Fergus Falls, Luverne, Marshall, Montgomery, Wabasha, Warroad, and Waseca

Commissioner Pugh moved that the Commission allow AT&T to discontinue the provision of local telephone service in the cities of Brainerd, Chaska, Detroit Lakes, Fergus Falls, Luverne, Marshall, Montgomery, Wabasha, Warroad, and Waseca.

The motion passed, 5-0.

ENERGY AGENDA

IP-6605/WS-06-1445

In the Matter of the Site Permit Issued to Kenyon Wind, LLC for a Large Wind Energy Conversion System in Goodhue County

Commissioner O'Brien moved that the Commission deny the Petition for Amendment by Kenyon Wind, LLC's amended Large Wind Energy Conversion System Site Permit to expire under III. J.4.

The motion passed, 3-2 (with Commissioners Boyd and Reha voting no).

E-002/M-10-721

In the Matter of the Petition of Northern States Power company, a Minnesota Corporation, for Approval of New and Amended Customer Agreements

Commissioner Wergin moved that the Commission approve the Petition, pending resolution of the language changes proposed in paragraph 4.2 of Northern States Power company's "Underground Gas and/or Electric Distribution Agreement" and the correction to paragraph 4.7 of OES comments.

The motion passed, 5-0.

E-002/M-10-820

In the Matter of a Petition by Northern States Power d/b/a Xcel Energy for Approval of Amendment No. 2 to the power Purchase Agreement with Viking Group

Commissioner Reha moved that the Commission:

1. Approve Amendment No. 2 to the Viking Group, PPAs subject to the Company's continued obligation to prudently administer the PPAs; and
2. Require Xcel to credit ratepayers, through use of the FCA, with all revenues received as a result of the Amendment No. 2 Wind Generation Purchase Agreement and Settlement and Compensation Agreement with Viking Wind Partners, LLC.

The motion passed, 5-0.

E-002/M-10-822

In the Matter of a petition by Northern States power Company d/b/a Xcel Energy for Approval of Amendment No. 2 to the Power Purchase Agreement with Gas Recovery

Commissioner Wergin moved that the Commission approve the proposed Amendment No. 2 to the PPA between Xcel and GRS.

The motion passed, 5-0.

G-008/GR-08-1075

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

Commissioner Reha moved to take the actions set forth below:

1. Approve CenterPoint's pilot project evaluation plan with the following conditions and modifications:
 - a. Require CenterPoint to include a comparison of lifetime energy savings that can be attributed to the Company's conservation improvement program (CIP) before and after the implementation of revenue decoupling (including the inverted block rate structure).
 - b. Require CenterPoint to include documentation in its evaluation and annual reports that shows for each existing conservation improvement program (CIP), any changes that have occurred in the number of participants, any reductions in gas use per participant, and any changes in the cost-effectiveness or any other measure that gauges the performance of these programs.

- c. Require CenterPoint to include a conservation-specific variable in its price elasticity of demand/multiple regression analysis.
 - d. Require CenterPoint to include a conservation-specific variable related to conservation rebates and other specific Conservation Improvement Plan initiatives in its analyses.
 - e. Require CenterPoint to examine including other demographic variables (e.g. employment, economic conditions) in its price elasticity of demand/multiple regression analysis to help create a more robust analysis.
 - f. Require CenterPoint to work with the Office of Energy Security to develop a mutually acceptable method to stratify census data and commercially available data from other sources to develop statistically valid samples of the Company's customer base. These samples shall be used for the purpose of examining micro-level demographic variables such as income, household size, and home ownership/rental status in analyzing the impact of the pilot program.
 - g. Require CenterPoint and request any other interested party to conduct a literature search and an all-state PUC case search for other price elasticity of demand studies involving natural gas prices to corroborate the analytical techniques and results of the Company's price elasticity of demand analysis.
 - h. Require CenterPoint to use a full-system data set rather than a sample data set in assembling data for the bill frequency study, on which the Office of Energy Security will take the analytical lead.
 - i. Require CenterPoint to use a longitudinal study in conducting the bill frequency study, including three sub-studies focusing on LIHEAP and non-LIHEAP customers, low-usage and high-usage customers, and CIP participants and non-participants.
 - j. Require CenterPoint to document any specific actions the Company has undertaken that demonstrates a shift or realignment in the Company's support for energy conservation initiatives (e.g., efforts that would strengthen energy efficiency requirements in building codes and appliance standards at the national, state or local level).
2. Accept CenterPoint's June 16, 2010 request to modify its 2010-2012 CIP Triennial Plan as being in compliance with the Commission's January 11 Order and acknowledge the OES's November 3, 2010 Final Order on CenterPoint's request, in CIP docket # 09-291.
 3. Accept CenterPoint's revised Conservation Enabling Rider tariff language as it appears in the Company's June 17 replacement filing and modified so that the March 1, 2011 implementation of the revenue decoupling rate adjustment is conditioned on CenterPoint having received Commission approval for its decoupling evaluation plan.
 4. Accept CenterPoint's July 1, 2010 informational filing that explains the Company's proposal for implementing the inverted block rate reconciliation rate adjustment.

5. Modify section K(2)(d) of the Company's pilot decoupling project evaluation plan to clarify that CenterPoint will continue to provide service quality reports but on an annual rather than a quarterly basis.

The motion passed 5-0.

E-002/PA-10-685

**In the Matter of Northern States Power Company (Xcel Energy) and ITC Midwest LLC
for Approval of a Transfer of Transmission Assets and Route Permit**

Commissioner Reha moved that the Commission

1. Grant the request for a variance from filing the information required in Minnesota Rules 7825.1400 after finding that:
 - A. the information specified by Minnesota Rules 7825.1400 is not necessary or relevant for this proceeding, and enforcement of the rule would impose an excessive burden upon the applicants;
 - B. granting the variance would not adversely affect the public interest; and
 - C. granting the variance would not conflict with standards imposed by law;
2. Approve the proposed sale by Xcel of the Fox Lake Transmission Line and related assets to ITC Midwest, finding that the transaction is consistent with the public interest.
3. Approve the proposed sale by Xcel of the Fox Lake Transmission Line and related assets to ITC Midwest, finding that the transaction is consistent with the public interest based on the unique circumstances in this record, and subject to one or more of the following conditions:
 - A. exclusion of the costs of the transferred facilities from interim and final rates in Xcel's pending electric rate case, Docket No. E-002/GR-10-971; and
 - B. a commitment from ITC that, other than the cost paid for the line at NSP's net book value and traditional revenue requirements associated with owning and operating the transferred assets (such as operating and maintenance expense, return on investment, depreciation expense, property taxes, and income taxes associated with the equity return), it will not seek to recover, and will otherwise hold Minnesota customers harmless from, any transaction costs resulting from the transfer of the assets; and
4. Direct Xcel and ITC to file final accounting journal entries to reflect the removal of the facilities from Xcel's books and the addition of facilities on ITC Midwest's books, within 60 days of the date of the order in this docket; and

5. Direct ITC Midwest to identify and include in its journal entries any additional costs incurred as a result of this transaction that ITC intends to recover in rates.

The motion passed, 5-0.

Commissioner Wergin moved that the Commission authorize the complete transfer from NSP to ITC of the route permit for the Fox Lake Transmission Line, i.e., the High Voltage Transmission Line in Jackson and Martin Counties Issued to Northern States Power Co. d/b/a Xcel Energy, EQB Docket No. 3-64-TR-Xcel.

The motion passed, 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: DECEMBER 22, 2010



Burl W. Haar, Executive Secretary