

STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

DATE:

March 30, 2007

TO:

All Interested Parties

FROM:

Burl W. Haar, Executive Secretary

SUBJECT:

In the Matter of the Commission's Investigation into the

Appropriateness of Continuing to Permit Electric Cost Adjustments

DOCKET No:

E999/CI-03-802

NOTICE FOR COMMENTS

On June 4, 2003, the Commission opened an investigation into whether the fuel clause adjustment (FCA) continues to be a useful regulatory tool. On December 19, 2003, the Commission solicited comments on the purpose, structure, and rationale of the current FCA. Parties filed comments during 2004 in response to the Commission's solicitation.

Since comments were filed in 2004, several of the concerns initially raised in the comments have been addressed through various modifications or variances as follows.

 In the December 20, 2006 ORDER ESTABLISHING ACCOUNTING TREATMENT FOR MISO DAY 2 COSTS¹

Determined accounting and recovery of MISO charges through FCA

Established reporting requirements

Established FCA forecast and deviation reporting

Directed investigation into best methods of assuring low-cost electricity

Addressed treatment of wholesale revenues

- Established FCA true-up for Otter Tail Power FCA²
- Cost of energy for Xcel separately shown on tariff/customer bills³
- Statutory changes address recovery of certain renewable costs

www.puc.state.mn.us

¹Dockets E002/M-04-1970, E015/M-05-277, E017/M-05-284, E001/M-05-406

²Docket E017/M-03-30

³Docket E002/GR-05-1428

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To provide an opportunity for parties to update the record, the Commission is seeking comment on whether the investigation into the usefulness of the FCA should be continued, and if so, what issues should be pursued.

Additional issues raised in comments to date include:

- Incentives for controlling costs passed through the FCA
- Price signals
- Potential for fuel price manipulation
- Alternative FCA mechanisms such as the banding approach adopted in Wisconsin
- Data reporting including what is reported and how frequently
- Regulatory oversight of FCA data reporting
- Changes required in the FCA enabling statute; Minn. Stat. 216B.16, Subd. 7
- Emission allowances and other environmental credits
- Other relevant issues

The Commission will accept comments until **April 30, 2007**. Reply comments will be accepted until **May 15, 2007**.

Questions regarding this notice may be directed to John Lindell at (651) 201-2216 or Louis Sickmann (651) 201-2243 of the Public Utilities Commission.

STATE OF MINNESOTA))SS COUNTY OF RAMSEY)

AFFIDAVIT OF SERVICE

I, Margie DeLaHunt, being first duly sworn, deposes and says:

That on the 30th day of March, 2007 she served the attached

NOTICE FOR COMMENTS.

MNPUC Docket Number: E999/CI-03-802

XX By depositing in the United States Mail at the City of St.

Paul, a true and correct copy thereof, properly enveloped

with postage prepaid

XX By personal service

XX By inter-office mail

to all persons at the addresses indicated below or on the attached list:

Commissioners Carol Casebolt Peter Brown Marcia Johnson Kate Kahlert AG Louis Sickmann Jerry Dasinger Bob Harding Susan Mackenzie John Lindell Mark Oberlander Janet Gonzalez Sharon Ferguson - DOC Julia Anderson - OAG Curt Nelson - OAG

Margie DidaHunt

Subscribed and sworn to before me,

a notary public, this 30 day of

__, 2007

Notary Pablic

MARY E REID
NOTARY PUBLIC-MINNESOTA
MY COMMISSION EXPIRES
JANUARY 31, 2010

AGENDA for Friday, 3/30/2007

10: MN PUC

Burl W. Haar (0+15) MN Public Utilities Commission Suite 350 121 East Seventh Place St. Paul MN 55101-2147

20:

Dept. of Commerce

Sharon Ferguson (4)
MN Department Of Commerce
Suite 500
85 7th Place East
St. Paul MN 55101-2198

30:

Inter-Office Mail

Julia Anderson MN Office Of The Attorney General 1400 BRM Tower 445 Minnesota Street St. Paul MN 55101-2131

Ronald M. Giteck
Office Of Attorney General
Residential Utilities Division
445 Minnesota Street, 900 BRM Tower
St. Paul MN 55101

Curt Nelson
OAG-RUD
900 BRM Tower
445 Minnesota Street
St. Paul MN 55101-2130

40:

Regular Postal Mail

Christopher Anderson Minnesota Power 30 West Superior Street Duluth MN 55802-2093 Bernadeen Brutlag Otter Tail Power Company P.O. Box 496 215 South Cascade Fergus Falls MN 56538-0496

Mark F. Dahlberg Northwestern Wisconsin Electric Company P O BOX 9 Grantsburg WI 54840-0009

James Erickson Minnesota Power 30 West Superior Street Duluth MN 55802

Marilyn E. Foreman
Dakota Electric Association
4300 220TH Street West
Farmington MN 55024-9583

Bruce Gerhardson
Otter Tail Corporation
P.O. Box 496
215 South Cascade Street
Fergus Falls MN 56538-0496

William L. Glahn Dahlen, Berg & Co. Suite 300 200 South Sixth Street Minneapolis MN 55402

Todd J. Guerrero Lindquist & Vennum, PLLP 4200 IDS Center 80 South Eighth Street Minneapolis MN 55402-2274

Annette Henkel Minnesota Utility Investors 405 Sibley Street, #227 St. Paul MN 55101

James P. Johnson Xcel Energy 5th Floor 414 Nicollet Mall, 5th Flr Minneapolis MN 55401-1993

Stephen G. Kozey Midwest ISO 701 City Center Drive Carmel IN 46032-7574 Jeffrey L. Landsman Wheeler, Van Sickle & Anderson, S.C. Suite 801 25 West Main Street Madison WI 53703-3398

Jerry Larsen
HPC-LLC
4610 IDS Center
80 S. 8th Street
Minneapolis MN 55402

Douglas R. Larson
Power System Engineering, Inc.
Suite 250
12301 Central Avenue NE
Blaine MN 55434

Robert S Lee Mackall Crounse & Moore Law Offices 1400 AT&T Tower 901 Marquette Avenue Minneapolis MN 55402-2859

Scot McClure Interstate Power And Light Company 4902 North Biltmore Lane P.O. Box 77007 Madison WI 53707-1007

Jennifer Moore
Alliant Energy Corporate Services Inc.
200 First Street SE
PO Box 351
Cedar Rapids IA 52406-0351

Andrew Moratzka
Mackall, Crounse and Moore
1400 AT&T Tower
901 Marquette Avenue
Minneapolis MN 55402

Judy Poferl Xcel Energy Services, Inc. 7th Floor 414 Nicollet Mall Minneapolis MN 55401-1993

Christopher Sandberg
LOCKRIDGE GRINDAL NAUEN & HOLSTEIN
Suite 2200
100 Washington Avenue South
Minneapolis MN 55401

Beth H. Soholt Wind on the Wires Suite 203 1619 Dayton Avenue St. Paul MN 55104-6206

AGENDA for Friday, 3/30/2007

Eric F. Swanson Winthrop & Weinstine Suite 3500 225 South Sixth Street Minneapolis MN 55402-4629

SaGonna Thompson Xcel Energy 7th Floor 414 Nicollet Mall Minneapolis MN 55401-1993

Phillip Zins
Xcel Energy
7th Floor
414 Nicollet Mall
Minneapolis MN 55401-1993

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Kelly Hunter Manitoba Hydro 820 Taylor Avenue Winnipeg MB R3C 2P4 CANADA