

# BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

Minutes of Regular Open Meeting

**Tuesday, February 6, 2007, at 1:30 p.m.**

---

## Attendees

**Commissioners:** Deputy Chair Kathleen A. "Cindy" Lewis, presiding  
Commissioner Mary Byrnes

Floyd Kanode, Powder River Energy Corporation (by telephone)  
Rick Kaysen, Cheyenne Light, Fuel and Power Company

Commission Staff: Blair Bales, Don Biedermann, Jess Bottom, Dave Lucero, Marci Norby, Chris Petrie

Office of Consumer Advocate (OCA): Bryce Freeman, Denise Parrish, Ivan Williams

## CONSENT AGENDA FOR ROUTINE ACTION ITEMS

---

- 1. Docket No. 10000-14-CA-06 (Record No. 10523) Application of Fall River Rural Electric Cooperative, for authority to implement a renewable energy option in its tariff on less than 30 days notice. Commission to consider Fall River's Request to Withdraw.**

Deputy Chair Lewis introduced the consent agenda item and asked if there were any requests to withdraw the item for further consideration. There were no such requests, and Blair Bales, Commission Counsel, recommended approval of the application by Order only, without prejudice, and with closure of the docket. Commissioner Byrnes moved to take action as recommended, and Deputy Chair Lewis seconded the motion.

## REGULAR AGENDA ITEMS

---

- 1. Docket No. 20003-88-ET-06 (Record No. 10763) Tariff filing of Cheyenne Light, Fuel and Power Company (Cheyenne Light) for authority to revise its electric rates and cost adjustment tariffs. Commission to consider a Request to Withdraw ECA Tariff Application Filed September 5, 2006.** Marci Norby, Commission Advisory Staff (CAS) provided a technical memo dated February 2, 2007, and the Request to Withdraw. Rick Kaysen, Cheyenne Light, said the request is being made as substantial changes have been made to the original application which was filed in September 2006, and Cheyenne Light feels it would be in the best interest of all parties to withdraw this filing and submit the changes filed on February 1 as a new docket. Mr. Kaysen said the new tariff filing reflects changes to comply with Rules 249 and 250 and also addresses some concerns

expressed by the OCA. Blair Bales, Commission Counsel, said the new filing could be placed in the currently-open docket as an amendment, and the procedural clock could be restarted since there are substantial changes. Ms. Bales said public notice has not yet been provided, and such notice should reflect the complete procedural history of the tariff filing. Mr. Kaysen expressed concern that the electric and its companion gas tariff dockets would not be handled on the same schedule, but Deputy Chair Lewis assured him staff would continue to work toward a tandem schedule. There were no further comments or questions. Ms. Bales recommended the Commission deny Cheyenne Light's request to withdraw its September tariff filing, place the February 1 filing into the currently-open docket as an amendment, and restart the procedural clock for February 1, 2007. Commissioner Byrnes moved to deny the request to withdraw, restart the procedural clock and leave the docket number the same for the amended filing. Deputy Chair Lewis seconded the motion.

2. **Docket No. 10014-94-CS-07 (Record No. 10993) Application of Powder River Energy Corporation (PRECorp) for authority to renew the cooperative's revolving line of credit and borrow up to \$60,000,000 from the National Rural Utilities Cooperative Finance Corporation and for authority to execute agreements to secure the aforementioned loan.** Jess Bottom, CAS, provided a technical memo dated February 1, 2007. Floyd Kanode, Chief Financial Officer for PRECorp, said the current line of credit, originally approved by the Commission in January 2002, expires on February 21, 2007. He said the PRECorp board of directors approved renewal in December 2006, and the line of credit is used to obtain short-term financing for construction projects until long-term financing becomes available. There were no further comments or questions. Mr. Bottom recommended approval of the application by Order only, effective this date. Commissioner Byrnes moved to approve the application by Order only, effective today. Deputy Chair Lewis seconded the motion.
3. **Docket No. 10014-95-CS-07 (Record No. 10999) Powder River Energy Corporation request for authority to borrow \$23,885,000 from Federal Financing Bank.** Don Biedermann, CAS, provided a technical memo dated January 30, 2007. Floyd Kanode, PRECorp, said the requested loan would be used for long-term construction projects and has been approved by the PRECorp board of directors. He said the funds are primarily for transmission projects and some distribution projects driven mainly by coal bed methane activity in the area and an approximate 40% increase in Kwh sales per year. Don Biedermann said projects to be funded were reviewed at a presentation given by Mike Easley of PRECorp, and the financial data supplied does include the line of credit approved in the previous agenda item. There were no further comments or questions. Mr. Biedermann recommended approval of the request by Order only, effective immediately. Commissioner Byrnes moved to approve the request by Order only, effective immediately, and Deputy Chair Lewis seconded the motion.

A full audio transcript is available upon request.

Next Open Meeting: Thursday, February 8, 2007, at 9:00 a.m.

Prepared by: Deborah McFerrin.

ACCEPTED and APPROVED by the Commission on the 9<sup>th</sup> day of April 2007.

---

Kathleen A. "Cindy" Lewis, Chairman

# BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

Minutes of Regular Open Meeting

**Thursday, February 8, 2007, at 9:00 a.m.**

---

## Attendees

**Commissioners:** Deputy Chair Kathleen A. "Cindy" Lewis, presiding  
Commissioner Mary Byrnes

T. J. Carroll, Kinder Morgan, Inc.  
Brian Hanify, counsel for Knight Acquisition Company  
Paul Hickey, counsel for Kinder Morgan, Inc.  
Mike McBride, Lower Valley Energy  
Lindsay Woznick, Hirst & Applegate

Commission Staff: Jess Bottom, Dave Lucero, Luy Luong, Steve Oxley,  
Chris Petrie, Darrell Zlomke

Office of Consumer Advocate (OCA): Dave McMullian, Denise Parrish,  
Ivan Williams

---

## CONSENT AGENDA FOR ROUTINE ACTION ITEMS

---

- 1. Docket No. 30022-76-GP-06 (Record No. 10578) Application of Kinder Morgan, Inc. (Casper Division), for authority to pass on through its commodity balancing account an increase of \$0.9151 per Dth to its Pass-On Rate [Regulated Rate] customers.**

**Docket No. 30022-77-GP-06 (Record No. 10579) Application of Kinder Morgan, Inc. (Gillette Division), for authority to pass on through its commodity balancing account an increase of \$2.3636 per Dth to its Pass-On Rate [Regulated Rate] customers.**

**Docket No. 30022-78-GP-06 (Record No 10580) Application of Kinder Morgan, Inc. (Torrington Division), for authority to pass on through its commodity balancing account a decrease of \$0.3454 per Dth to its Pass-On Rate [Regulated Rate] customers.**

**Commission to consider issuing Orders approving interim rates on a final basis in light of the Office of Consumer Advocate's (OCA) informational letter in the above-docketed matters stating its concerns have been addressed and it has no objection to the interim rates in these dockets being approved on a final basis.**

2. **Docket Nos. 70000-1297-TK-07 and 70017-65-TK-07 (Record No. 10982) Qwest Corporation and AT&T Communications of the Mountain States, Inc., joint application for Commission authority to enter into a Rate Amendment to a Wireline Interconnection Amendment.**
3. **Undocketed. Open Meeting Minutes for review by the Commission for the Regular Open Meetings of November 17 and November 28, 2006.**

Deputy Chair Lewis introduced the consent agenda and asked if there were any requests to withdraw an item for fuller consideration. There were no such requests. Dave Lucero, Commission Counsel, recommended approval on a final basis of Item 1 by Order only, effective immediately; and he recommended approval of Item 2 by Order only as the public notice period expired with no comments or protests. Commissioner Byrnes moved to take action as recommended and to approve the Open Meeting minutes as submitted. Deputy Chair Lewis seconded the motion.

### **REGULAR AGENDA ITEMS**

---

1. **Docket No. 30022-84-GA-06 (Record No. 10806) Joint application of Source Gas, LLC, Source Gas Distribution, LLC; Kinder Morgan, Inc., and KM Retail Utility Holdco, LLC, for approval of the transfer of utility assets and certificates of public convenience and necessity from Kinder Morgan, Inc., to Source Gas Distribution, LLC, and reorganization of Source Gas Distribution, LLC, as a wholly-owned subsidiary of Source Gas, LLC.**

**Docket No. 30022-85-GA-06 (Record No. 10813) Joint application of Kinder Morgan, Inc., Source Gas Distribution, LLC, KM Retail Utility Holdco, LLC, and Knight Acquisition Company for approval of a reorganization pursuant to which Kinder Morgan, Inc., will become a privately-held company and for approval of a transfer of utility assets and certificates of public convenience and necessity from Kinder Morgan, Inc., to Source Gas Distribution, LLC, as a wholly-owned indirect subsidiary of Kinder Morgan, Inc.**

- a. **Consider and act on joint motion of parties in Docket No. 30022-84-GA-06 requesting the public hearing to be reset for February 28, 2007; to reset the testimony pre-filing deadline to February 16, 2007; and to consolidate the above two dockets for public hearing beginning February 28, 2007.**
- b. **Consider and act on joint motion of parties in Docket No. 30022-85-GA-06 requesting the resetting of deadline for intervenor testimony pre-filing to February 16, 2007, and consolidating the two dockets for public hearing beginning on February 28, 2007.**

T. J. Carroll, Kinder-Morgan, said the parties are requesting consolidation of these two dockets for the sake of efficiency in presenting testimony and evidence. He said finalizing of stipulations in both dockets should be accomplished by February 9, and the

parties are requesting a February 16 date for filing testimony in support of the stipulations. Dave Lucero, Commission Counsel, said he had discussed these proposals with the parties and thinks the motions are consistent with those discussions. There were no further comments or questions. Mr. Lucero recommended issuing Notices and Orders approving the two joint motions requesting an extension of time for filing intervenor testimony, consolidation of the dockets for hearing purposes, and resetting the hearing date for February 28. Commissioner Byrnes moved to grant the joint motions as recommended, and Deputy Chair Lewis seconded the motion.

2. **Docket No. 30022-90-GS-07 (Record No. 11015) With respect to continuing a securities exemption granted to Kinder Morgan, Inc.'s precursor public utilities, consider the securities rating downgrade of Kinder Morgan by Standard & Poor's and the effect that might have on an exemption for Kinder Morgan as a successor entity.** Steve Oxley, Commission Chief Counsel, provided a technical memo dated February 6, 2007. T. J. Carroll, Kinder Morgan, said the Commission authorization in 1999 for the merger of Northern Gas Company and Kinder Morgan, Inc., provided an exemption from having to provide securities filings on the condition the company's credit rating notice remained at or above investment rate. He said the company was required to notify the Commission if the rating fell below the investment rate, and the 1999 Order further stated the exemption would be automatically suspended if Kinder Morgan fell below the required rating. As a result of the on-going process of transferring the utility assets and management buy-out, Mr. Carroll said it was anticipated the credit rating would be lowered, and this has occurred. Mr. Oxley said this docket provides a way to clarify the application of the 1999 exemption to the existing Kinder Morgan companies and the ongoing provision suspending that exemption due to the reduction in credit rating. There were no further comments or questions. Mr. Oxley recommended issuing an Order stating the exemption applies to Kinder Morgan, Inc., and that it is suspended pending obtaining an investment grade rating. Commissioner Byrnes moved to take action as recommended by issuing an Order stating the exemption is suspended with respect to Kinder Morgan. Deputy Chair Lewis seconded the motion.
3. **Docket No. 30018-34-GP-07 (Record No. 11000) Application of Lower Valley Energy, Inc., for authority to pass on a wholesale natural gas cost decrease of \$0.07 per therm through its commodity balancing account.** Jess Bottom, CAS, provided a technical memo dated February 1, 2007. Mike McBride, Lower Valley Energy, said the application requests a decrease due to an overall decline in market prices and projections of a continued decrease in prices which has resulted in an over-collection in the commodity balancing account. Mr. Bottom added that this pass-on is on a dollar-for-dollar basis and will not change the company's overall rate of return. There were no further comments or questions. Mr. Bottom recommended approval of the application by Notice and Order, effective immediately, for usage on and after February 10, 2007. Commissioner Byrnes moved to approve the application by Notice and Order, effective for usage on and after February 10, 2007. Deputy Chair Lewis seconded the motion.

A full audio transcript is available upon request.

Next Open Meeting: Thursday, February 13, 2007, at 2:30 p. m.

Prepared by: Deborah McFerrin.

ACCEPTED and APPROVED by the Commission on the 9<sup>th</sup> day of April 2007.

---

Kathleen A. "Cindy" Lewis, Chairman

# BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

Minutes of Regular Open Meeting

Thursday, February 13, 2007, at 2:30 p.m.

---

## Attendees

**Commissioners:** Deputy Chair Kathleen A. "Cindy" Lewis, presiding  
Commissioner Mary Byrnes

Rick Kaysen, Cheyenne Light, Fuel and Power Company  
Jeff Larsen, Rocky Mountain Power  
Jessica Lowell, Wyoming Tribune Eagle  
Dave Mosier, Rocky Mountain Power  
Evan Reynolds, Rocky Mountain Power (by telephone)  
Herb Roose, Rocky Mountain Power (by telephone)  
Mark Stege, Cheyenne Light, Fuel and Power Company  
Ed Strader, customer of Cheyenne Light, Fuel and Power Company  
Randy Winkelman, Cheyenne Light, Fuel and Power

Commission Staff: Blair Bales, Don Biedermann, Barbara Iversen,  
Marchia Johansen, Mike Korber, Dave Lucero, Luy Luong, Shirley  
McCown, Dave Piroutek, Steve Oxley, Chris Petrie, Ginnie Schofield,  
Darrell Zlomke

Office of Consumer Advocate (OCA): Denise Parrish, Ivan Williams

## CONSENT AGENDA FOR ROUTINE ACTION ITEMS

---

- 1. Docket No. 70000-1300-TK-07 (Record No. 10998) Application by Qwest Corporation for authority to submit a confidential retail telecommunications service contract.** Deputy Chair Lewis introduced the consent agenda item and asked if there were any requests to withdraw it for fuller consideration. There were no such requests, and Mike Korber, Commission Advisory Staff (CAS), recommended acceptance of the contract for placement in the Commission's confidential files with no rate-making determination. Commissioner Byrnes moved to accept the contract as recommended, and Deputy Chair Lewis seconded the motion.

## REGULAR AGENDA ITEMS

---

- 1. Undocketed. Representatives of Cheyenne Light, Fuel and Power Company (Cheyenne Light) will make a follow-up informational presentation about disconnection of long-term delinquent accounts, customer billing and information systems and issues related thereto.** Rick Kaysen and Mark Stege of Cheyenne Light provided an update on collection efforts from the previous report in September 2006. Mr.

Stege said significant progress has been made with active residential customers with overdue balances of \$500 or more being reduced from approximately 120 to 20. He said the current number of delinquent balances is comparable with both normal regional and national levels. Cheyenne Light has worked to provide billing options and assistance program information to customers such as levelized billing, working to set up payment arrangements for delinquent accounts and referrals to LIEAP or Energy Share. Ed Strader, an apartment building owner in Cheyenne, expressed his concern about how the bad debt will be handled and its effect on rate-payers. Mr. Strader submitted a list of questions for which he asked the Commission to require a response from Cheyenne Light. Rick Kaysen, Cheyenne Light, said much of the information requested would be submitted in the next rate case. There were no further comments or questions. Commissioner Byrnes moved to ask Cheyenne Light to respond to the questions in writing to the Commission by Tuesday, March 13, 2007. Deputy Chair Lewis seconded the motion.

2. **Docket No. 20000-248-EA-06 (Record No. 10569) PacifiCorp, conducting business in Wyoming under the trade name Rocky Mountain Power, seeks authority to formally set up deferral accounts to defer and amortize certain severance and other costs related to the transition to MidAmerican Energy Holdings Company.** Luy Luong, CAS, provided a technical memo dated February 2, 2007. Jeff Larsen, PacifiCorp, explained the request, saying a number of items were identified during the acquisition process which would provide customer benefit over the long term. These included (1) severance costs for employees undergoing material alteration or elimination of their positions; (2) computer software conversion of the accounting system from a fiscal to a calendar year basis; and (3) costs associated with the name change from PacifiCorp to Rocky Mountain Power for PacifiCorp's Wyoming retail operations. In July 2006, the request was modified to remove the request for deferral of the costs associated with the name change as PacifiCorp decided to absorb these costs. Mr. Larsen said the employee severance process should be completed and costs determined by the end of May 2007, and the accounting software change-over is currently estimated at \$440,000, below the original target of \$500,000 to \$1 million. He said PacifiCorp believes it is appropriate under FAS 71 procedures for the costs to be deferred for ratemaking purposes rather than treated as one-time expenses. Mr. Larsen said the Idaho Commission has reviewed and approved the deferral; the issue is currently being negotiated in Oregon; the Consumer Advocate's office in Utah has requested a hearing; and he is unaware of the current status of the matter in California. Responding to questions, Mr. Larsen said Wyoming's allocated share of the deferred costs would be approximately 14%-15% of the total. Steve Oxley, Commission Chief Counsel, said public notice has been provided with no comments or requests for hearing being filed. There were no further comments or questions. Mr. Oxley recommended granting the authority by Order only with a request that executive and base severance costs be tracked separately for examination when the issue is presented in a general rate case and that a demonstration of savings be provided at that time. Luy Luong further recommended the expenditures not accrue interest or carrying charges until after these deferrals are reviewed in the next rate case. Commissioner Byrnes moved to take action as recommended by staff, and Deputy Chair Lewis seconded the motion.

3. **Docket No. 20000-265-EA-06 (Record No. 10971) Rocky Mountain Power request for a certificate of public convenience and necessity for Elk Horn Substation.** Ginnie Schofield and Don Biedermann, CAS, provided a technical memo dated February 6, 2007. Dave Mosier, Rocky Mountain Power, said the substation would be located in and provide service to a rapidly-developing area in Casper comprised of new housing, shopping and commercial development. Included is 2.8 miles of new 115 KV transmission line from the Refinery Substation to the proposed Elk Horn Substation. He said the rights-of-way, except for two structures at the Refinery Substation, are owned by Rocky Mountain Power, and the estimated cost of \$6.93 million would be financed as system improvements. Mr. Mosier said an April construction date is being requested due to time constraints on the Natrona County permit, and the substation should be completed by September 2007. Herb Roose, Project Engineer for Rocky Mountain Power, provided further details on the permit process within Natrona County and said updated construction drawings would be provided to the Commission. There were no further comments or questions. Ms. Schofield recommended approval of the application by Order only, effective immediately, as public notice has already been provided with no responses being filed. She also requested the company provide monthly construction reports and provide final as-built drawings within 180 days of completion. Commissioner Byrnes moved to approve the request by Order only, effective immediately, and that reports and drawings be provided as requested. Deputy Chair Lewis seconded the motion.
  
4. **Docket Nos. 74643-3-TA-06, 70087-5-TA-06, 74517-4-TA-06 and 74662-2-TA-06 (Record No. 10987) Joint notification of Acceris Management and Acquisition, LLC, and New Access Communications, LLC, of a transfer of customer base to First Communications, LLC. Commission to consider a Petition for Confidential Treatment of Transaction Documents and Financial Information.** Blair Bales, Commission Counsel, said she had reviewed the notification and determined this is an informational filing, and the only action before the Commission is to consider the Petition for Confidential Treatment. There were no further comments or questions. Ms. Bales recommended approval of the petition by Order only, effective immediately. Commissioner Byrnes moved to approve the petition by Order only, effective immediately, and Deputy Chair Lewis seconded the motion.

A full audio transcript is available upon request.

Next Open Meeting: Thursday, February 15, 2007, at 1:00 p. m.

Prepared by: Deborah McFerrin.

ACCEPTED and APPROVED by the Commission on the 9<sup>th</sup> day of April 2007.

---

Kathleen A. "Cindy" Lewis, Chairman

# BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

Minutes of Regular Open Meeting

Thursday, February 15, 2007, at 1:00 p.m.

---

## Attendees

**Commissioners:** Deputy Chair Kathleen A. "Cindy" Lewis, presiding  
Commissioner Mary Byrnes

Paul Hickey, counsel for Kinder Morgan, Inc.  
Rick Kaysen, Cheyenne Light, Fuel and Power Company  
Jessica Lowell, Wyoming Tribune Eagle  
Bill Meckling, Kinder Morgan, Inc. (by telephone)  
Randy Reed, counsel for Belle Fourche Pipeline Company  
Robert Stamp, Belle Fourche Pipeline Company  
Kyle White, Black Hills Corporation  
Randy Winkelman, Cheyenne Light, Fuel and Power company

Commission Staff: Blair Bales, Marci Norby, Art Schmidt, Darrell Zlomke

## CONSENT AGENDA FOR ROUTINE ACTION ITEMS

---

- 1. Docket No: 70000-1298-TK-07 (Record No. 10983). Contract filing by Qwest Corporation for authority to enter into a Digital Subscriber Line (Qwest DSL™) Amendment to the wireline interconnection agreement with Prime Time Ventures, LLC.**
- 2. Docket Nos: 70043-15-TK-06 and 70009-275-TK-06 (Record No. 10941) Contract filing by Level 3 Communications, LLC, for authority to enter into a master interconnection, collocation and resale of telecommunications services agreement with United Telephone Company of the West d/b/a Embarq.**

Deputy Chair Lewis introduced the consent agenda items and asked if there were any requests to withdraw an item for further consideration. There were no such requests. Art Schmidt, Commission Advisory Staff (CAS), recommended approval of both items by Order only, effective immediately, as public notice has already been provided with no protests or comments received. Commissioner Byrnes moved to approve the items as recommended, and Deputy Chair Lewis seconded the motion.

## REGULAR AGENDA ITEMS

---

- 1. Docket No. 30005-110-GP-07 (Record No. 11020) Cheyenne Light, Fuel and Power Company (Cheyenne Light) request for authority to pass on a decrease in wholesale**

**gas supply cost of \$9,025,664.** Don Biedermann, CAS, provided a technical memo dated February 12, 2007. Rick Kaysen, Cheyenne Light, said the out-of-period request is due to a decrease in natural gas costs and the resulting over-collection in the commodity balancing account. He said the continuing volatility in market prices may result in Cheyenne Light changing to a more-frequent filing than its current annual adjustment request. If this is done, amended tariffs would be filed. Mr. Kaysen said this application complies with Rule 249; and Cheyenne Light's annual rate of return for the period would remain below its authorized rate. Don Biedermann, CAS, provided a correction to the technical memo to remove the franchise fee from his calculations. Mr. Biedermann said the application does comply with Rule 249; however, Cheyenne Light does not yet have tariffs which comply with Rules 249 and 250. Mr. Kaysen said adjusted tariffs were filed on February 1, and public notice was issued on February 8. There were no further comments or questions. Mr. Biedermann recommended approval of the pass-on decrease by Notice and Order on an interim basis, pending outcome of the tariff filing, effective for usage on and after March 1. If the pending tariff filing is found acceptable and approved, then he would recommend final approval of this request. Commissioner Byrnes moved to approve the pass-on by Notice and Order, on an interim basis, for usage on and after March 1, 2007. Deputy Chair Lewis seconded the motion. Chris Petrie, Commission Counsel, said Cheyenne Light was also requesting confidential treatment of certain information, but he said the request did not meet the filing requirements under Section 120. Deputy Chair Lewis said this could be addressed at another Open Meeting, and the information would be treated as confidential until a final determination is made.

2. **Docket No. 50000-57-PT-07 (Record No. 11040) Petition of Belle Fourche Pipeline Company (Belle Fourche) for authority to increase cost of crude pipeline service from points in Campbell, Crook and Johnson Counties, Wyoming to points in Goshen, Platte and Johnson Counties, Wyoming, due to an emergency.** Randy Reed, counsel for Belle Fourche, said the company has encountered some operational difficulties. He said the high viscosity of the oil currently being pumped has resulted in a reduction in pump rates, and Belle Fourche is therefore unable to meet the needs of its customers. To resolve this problem, the company needs to either pro-rate volumes for each shipper or add condensate to facilitate pumping. Six of the seven customers impacted said they would prefer to have the condensate added and pay the additional cost rather than have volumes reduced. Belle Fourche was unable to contact the seventh customer, Plains Marketing. There were no further comments or questions. Don Biedermann, CAS, recommended approval of the application by Notice and Order on an interim basis with the requirement that Belle Fourche respond to Commission staff questions and that a tariff be provided within a finite time frame. Commissioner Byrnes moved to approve the request by Notice and Order on an interim basis, effective immediately, with the requirement that Belle Fourche respond to staff requests within 15 days. Deputy Chair Lewis seconded the motion.
3. **Docket No. 30022-89-GT-07 (Record No. 10985) Application of Kinder Morgan, Inc., for approval of tariff revisions to reflect implementation of a customer billing group re-evaluation and re-classification process.** Marci Norby, CAS, provided a technical memo dated February 13, 2007. Paul Hickey, counsel for Kinder Morgan, said

the company proposes three new billing groups as a result of the rate case hearing: small general service, medium and large general service based on decatherm usage. A new tariff was filed in January reflecting the customer assignments and an annual review process. There were no further comments or questions. Ms. Norby recommended approval of the application by Notice and Order, effective February 15, 2007. Commissioner Byrnes moved to approve the application by Notice and Order, effective February 15, 2007, and Deputy Chair Lewis seconded the motion.

A full audio transcript is available upon request.

Next Open Meeting: Monday, February 26, 2007, at 2:00 p. m.

Prepared by: Deborah McFerrin.

ACCEPTED and APPROVED by the Commission on the 9<sup>th</sup> day of April 2007.

---

Kathleen A. "Cindy" Lewis, Chairman

# BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

Minutes of Regular Open Meeting

**Monday, February 26, 2007, at 2:00 p.m.**

---

## Attendees

**Commissioners:** Deputy Chair Kathleen A. "Cindy" Lewis, presiding  
Commissioner Mary Byrnes

Gary Abbate, Kinder Morgan, Inc. (by telephone)  
Dean Brockbank, counsel for Rocky Mountain Power (by telephone)  
Alex Davison, counsel for Contact Communications  
Jeff Hubbard, Qwest Corporation  
Rick Kaysen, Cheyenne Light, Fuel and Power Company  
Karen King (by telephone)  
Rollie Miller, Wyrulec Company  
Brandi Monger, counsel for Qwest Corporation  
Steve Mossbrook, Contact Communications (by telephone)  
Rita Mulkern, Montana-Dakota Utilities Company (by telephone)  
Chris Robisch, Contact Communications (by telephone)  
Mike Searcy, Wyrulec Company (by telephone)

Commission Staff: Blair Bales, Don Biedermann, Jess Bottom, Barbara Iversen, Mike Korber, Dave Lucero, Luy Luong, Shirley McCown, Marci Norby, Chris Petrie, Dave Piroutek, Art Schmidt, Darrell Zlomke

Office of Consumer Advocate (OCA): Bryce Freeman, David McMullian, Ivan Williams

## CONSENT AGENDA FOR ROUTINE ACTION ITEMS

---

- 1. Docket No. 30022-84-GA-06 (Record No. 10806) Joint application of Source Gas, LLC, Source Gas Distribution, LLC, Kinder Morgan, Inc., and KM Retail Utility Holdco, LLC, for approval of transfer of utility assets and certificates of authority from Kinder Morgan, Inc., to Source Gas Distribution, LLC, and reorganization of Source Gas Distribution, LLC, as a wholly-owned subsidiary of Source Gas, LLC.**

**Docket No. 30022-85-GA-06 (Record No. 10813) Joint application of Kinder Morgan, Inc., Source Gas Distribution, LLC, KM Retail Utility Holdco, LLC, and Knight Acquisition Company for approval of a reorganization pursuant to which Kinder Morgan, Inc., will become a privately-held company and for approval of a transfer of utility assets and certificate authorities from Kinder Morgan, Inc., to Source Gas Distribution, LLC, as a wholly-owned indirect subsidiary of Kinder Morgan, Inc.**

**Commission to consider issuing a Special Order authorizing one Commissioner or Hearing Examiner to preside at consolidated hearings in the above matters commencing February 28, 2007.**

- 2. Docket No. 74067-15-TA-06 (Record No. 10926) Lightyear Network Solutions, LLC, and First Communications, Inc., seek Commission authority to rescind the transfer of control order dated January 26, 2007, of Lightyear to First Communications.**
- 3. Docket No. 70023-TC-05-78 (Record No. 9739) Complaint of Kathi Cramer against McLeodUSA Telecommunications Services, Inc. Commission to consider McLeodUSA's Final Report and Petition to End the Quality of Service Reporting Requirements.**
- 4. Docket No. 74649-2-TA-06 (Record No. 10889) Application of AmeriVon LLC for approval of a transfer of control to V-Global Communications, Inc. Commission to consider the request for withdrawal of the application by V-Global Communications, Inc., and AmeriVon LLC.**
- 5. Docket No. 20000-267-ET-07 (Record No. 11024) Tariff filing of Rocky Mountain Power, for authority to revise its rules and regulations for housekeeping purposes.**
- 6. Docket No. 10019-35-CK-07 (Record No. 11031) Confidential contract filing of Big Horn Rural Electric Company for authority to enter into a Distribution Service Agreement with the Municipal Energy Agency of Nebraska. Commission to consider accepting contract for placement in file and separate petition for confidential treatment of contract submitted by Big Horn.**
- 7. Docket No. 30005-110-GP-07 (Record No. 11020) Cheyenne Light, Fuel and Power Company request for authority to pass on a decrease in wholesale gas supply cost of \$9,025,664. Consider and act on Petition for Confidential Treatment of information pursuant to Section 120 of the Commission's Rules.**
- 8. Docket No. 70000-1269-TC-06 (Record No. 10744) Complaint filing of Karen King against Qwest Corporation requesting a formal hearing on the alleged problems with her telecommunications service. Consider and act on Qwest's Motion for Approval of Confidentiality Agreement.**

Deputy Chair Lewis introduced the Consent Agenda and asked if there were any requests to withdraw an item for further consideration. Commissioner Byrnes requested that Items 3 and 8 be removed. There were no further requests. Blair Bales, Commission Counsel, recommended the following actions on the remaining items: (1) issue Special Order authorizing one Commissioner or Hearing Examiner; (2) grant request to rescind by Order only; (4) issue Order granting withdrawal effective immediately; (5) issue Order approving tariff filing effective immediately; (6) grant the petition and accept contract into Commission confidential files with no ratemaking implications; (7) grant the petition

for confidential treatment. Commissioner Byrnes moved to take action as recommended by staff, and Deputy Chair Lewis seconded the motion.

The following items were introduced for further consideration.

3. **Docket No. 70023-TC-05-78 (Record No. 9739) Complaint of Kathi Cramer against McLeodUSA Telecommunications Services, Inc. Commission to consider McLeodUSA's Final Report and Petition to End the Quality of Service Reporting Requirements.** Blair Bales, Commission Counsel, said a final report was received from McLeodUSA pursuant to the Order issued by the Commission. Ms. Bales said she has spoken with Ms. Cramer, who had no objections to putting this item on the Consent Agenda as she is now a customer of Qwest Corporation. Responding to questions, Ms. Bales said McLeodUSA has provided a credit to Ms. Cramer and has satisfied the condition of the Order. There were no further comments or questions. Ms. Bales recommended accepting the report as final and granting the petition by Order only, effective immediately. Commissioner Byrnes moved to accept the final report and grant the petition by Order only, effective immediately. Deputy Chair Lewis seconded the motion.
  
8. **Docket No. 70000-1269-TC-06 (Record No. 10744) Complaint filing of Karen King against Qwest Corporation requesting a formal hearing on the alleged problems with her telecommunications service. Consider and act on Qwest's Motion for Approval of Confidentiality Agreement.** Chris Petrie, Commission Counsel, said not all the information supplied by Qwest in its compliance filing is confidential and action requested today would apply only to information submitted on yellow paper and marked as confidential. Ms. King said she has not received any information on yellow paper but has received some information and the confidentiality agreement from Qwest. Ms. King asked if signing the agreement would allow her access to all the information submitted to the Commission by Qwest. Deputy Chair Lewis confirmed this as correct and explained the request for such an agreement is not unusual. There were no further comments or questions. Mr. Petrie recommended granting the motion so the parties could exchange information. Commissioner Byrnes moved to grant approval, effective immediately, by Order only. Deputy Chair Lewis seconded the motion.

---

### REGULAR AGENDA ITEMS

---

1. **Docket No. 10016-47-CR-06 (Record No. 10832) Supplement to include Avoided Cost Tariff change in Wyrulec Company's application for authority to increase its retail rates by \$631,412 per annum, or 5.96%.** Marci Norby, Commission Advisory Staff (CAS), provided a technical memo dated February 22, 2007. Rollie Miller, Wyrulec, said the company submitted an application to adjust rates which was addressed at an Open Meeting in December. In February it was discovered the Avoided Cost Tariff had been left out of the original application, and this filing is a supplement to correct the oversight. Mr. Miller said there are currently no customers on this tariff which reflects costs passed on from TriState Generation, and, as a result, there is no impact on rates or

revenue. Ms. Norby said this tariff language was included in Wyrulec's application but was not included in the actual tariff submitted. There were no further comments or questions. Ms. Norby recommended approval of the request to supplement the application on an interim basis with an effective date of February 26, 2007, on the tariff page as there is an intervenor in this docket and an outstanding compliance filing required by a prior Order. Chris Petrie, Commission Counsel, clarified that the prior Order and its Notice in this docket have not yet been issued and can be modified to include today's action. Commissioner Byrnes moved to approve the supplement on an interim basis by Notice and Order, effective February 26, 2007, and further that Wyrulec provide the power factor adjustment on the tariff sheet. Deputy Chair Lewis seconded the motion.

2. **Docket No. 20000-264-EA-06 (Record No. 10960) Application of Rocky Mountain Power (RMP) for authority to establish a demand-side management program in Wyoming, establish DSM tariffs and increase rates to fund DSM. Consider and act on Rocky Mountain Power's Motion for Approval of Procedural Schedule.** Dean Brockbank, RMP, said a stipulation and agreement has been arrived at with the OCA and the Wyoming Industrial Energy Consumers (WIEC). Denise Parrish, OCA, said a change in the DSM program effective date from June 1, 2007, to May 1, 2007, is reflected in the stipulation so customers can benefit as quickly as possible from the program. Chris Petrie, Commission Counsel, said this change could be reflected in the public notice of the hearing and can see no procedural problems with the change in dates. There were no further comments or questions. Mr. Petrie recommended approval of the motion establishing a schedule with the dates indicated of April 16 and 17 with deliberations to be determined at a later time after taking of evidence. Commissioner Byrnes moved to accept the schedule up to and including the hearing dates of April 16 and 17, beginning at 10:00 a.m., but not to include at this time a schedule for deliberations and the DSM program effective date. Deputy Chair Lewis seconded motion.
  
3. **Docket No. 70000-1247-TT-06 (Record No. 10599) Tariff filing of Qwest Corporation for authority to revise its Federal Universal Service Fund (USF) and Tribal Lifeline/Telephone Assistance Program. Commission to consider Joint Motion of Qwest Corporation and the Office of Consumer Advocate (OCA) for procedural schedule and hearing date.** Ivan Williams, counsel for the OCA, said his office is an intervenor in this docket, has been unable to resolve its issues with Qwest and would like to proceed with a hearing. He suggested the following schedule: March 5 for Qwest testimony; March 19 for OCA testimony; March 23 for discovery cutoff deadline; April 2 for pre-filed rebuttal testimony from Qwest; and April 10 and 11 for the hearing. Commissioner Byrnes expressed a preference to hold the hearing in Fort Washakie, but Mike Korber, CAS, and Ivan Williams, OCA, both said this docket has little or no impact on Tribal Lifeline customers and see no real benefit to having the hearing on the reservation. There were no further comments or questions. Dave Lucero, Commission Counsel, recommended a Notice and Order approving the joint motion. Commissioner Byrnes moved to approve the joint motion by Notice and Order, effective immediately, and Deputy Chair Lewis seconded the motion.

4. **Docket No. 70000-1023-TA-04 (Record No. 9277). Filing by Qwest Corporation for approval of its 2004 TELRIC study filing. Commission to consider Contact Communications' (Contact) Petition for Leave to Intervene filed January 22, 2007; Qwest Corporation's Response to Contact Communications' Petition for Leave to Intervene filed February 7, 2007; and Contact Communications' Reply to Qwest Corporation's Response to Contact Communications' Petition for Leave to Intervene filed February 22, 2007.** Alex Davison, counsel for Contact Communications, said the petition was filed because Contact believes the prices listed in Qwest's Exhibit A have a direct impact upon the interconnection agreement between the two companies. As a result, Contact feels intervention should be allowed to enable investigation of the cost studies used to determine Qwest's rates which impact the interconnection agreement. Chris Robisch, Contact Communications, said he has requested the information from Qwest and has executed a non-disclosure agreement. Mr. Robisch said he was told by Qwest to contact the PSC, but he was told by staff that the information could not be released to Contact by the PSC. Brandi Monger, counsel for Qwest, said Qwest objects to the intervention as it represents re-litigation of matters settled by hearing and public notices in 2004. There were no further comments or questions. Chris Petrie, Commission Counsel, recommended approval of the petition with an Order which limits the topics to be addressed to Qwest's corrected Exhibit A and the data directly related to that exhibit. Mr. Petrie further recommended Qwest be advised that Contact's access to information underlying Exhibit A be unfettered under the terms of the non-disclosure agreement between the companies. Ms. Monger said Qwest has no record of a current non-disclosure agreement, and Mr. Robisch said he would execute an agreement as quickly as one can be provided. Commissioner Byrnes moved to accept staff recommendations and grant the Motion to Intervene by Order only, effective immediately, utilizing the corrected Qwest Exhibit A with its compliance filings and underlying information. She further moved to require Contact to execute a non-disclosure agreement with Qwest. Deputy Chair Lewis seconded the motion.
  
5. **Docket No. 30022-91-GP-07 (Record No. 11028) Kinder Morgan, Inc., has filed for consideration a Pass-On Rate (Regulated Rate) Cost Adjustment applicable to the Casper Division customers who chose or defaulted to this option during the sign-up period for the current Choice Gas Service Program year and a Petition for Confidential Treatment.** Luy Luong, CAS, provided a technical memo dated February 16, 2007. Gary Abbate, Kinder Morgan, said the application is for a regular quarterly pass-on cost rate adjustment for current Choice Gas customers. He said the decrease is due to projected wholesale gas cost decreases, a change in the working gas storage adjustment, and an increase in the surcharge rate to the commodity balancing account—resulting in a net decrease of approximately \$119 to the average residential customer on an annualized basis. Mr. Abbate also requested confidential treatment of Exhibit E, which provides a summary of gas supply contract terms and arrangements. There were no further comments or questions. Mr. Luong recommended approval of the application and the petition for confidential treatment by Notice and Order, effective for usage on and after March 1, 2007. Commissioner Byrnes moved to approve the request by Notice and Order, effective for usage on and after March 1, 2007, and also approve the request for confidential treatment of Exhibit E. Deputy Chair Lewis seconded the motion.

6. **Docket No. 30022-92-GP-07 (Record No. 11029) Application of Kinder Morgan, Inc. (Gillette Division), for authority to pass on through its commodity balancing account a decrease of \$1.0932 per decatherm to its Pass-On Rate [Regulated Rate] customers. Also consider petition for confidential treatment of its Exhibit E to the application.** Art Schmidt, CAS, provided a technical memo dated February 16, 2007. Gary Abbate, Kinder Morgan, said this is a regular quarterly pass-on adjustment request which represents a decrease of 12.9% compared to current rates. Mr. Abbate also requested confidential treatment of Exhibit E as it contains proprietary information. There were no further comments or questions. Mr. Schmidt recommended approval of the pass-on and the request for confidential treatment, effective for usage on and after March 1, 2007. Commissioner Byrnes moved to approve the pass-on by Notice and Order, effective for usage on and after March 1, 2007, and that confidential treatment be granted for Exhibit E. Deputy Chair Lewis seconded the motion.
7. **Docket No. 30022-93-GP-07 (Record No. 11030) Application of Kinder Morgan, Inc. (Torrington Division), for authority to pass on through its commodity balancing account a decrease of \$0.3012 per decatherm to Pass-On Rate [Regulated Rate] customers. Also consider petition for confidential treatment of Exhibit E to the application.** Jess Bottom, CAS, provided a technical memo dated February 21, 2007. Gary Abbate, Kinder Morgan, said the application is a regular quarterly pass-on rate adjustment which results in a net decrease over last March rates of approximately 3%. Mr. Abbate said the company is requesting confidential treatment of Exhibit E to the application as it contains proprietary information. There were no further comments or questions. Mr. Bottom recommended approval of the pass-on and the request for confidential treatment, effective for usage on and after March 1, 2007. Commissioner Byrnes moved to approve the pass-on by Notice and Order, effective for usage on and after March 1, 2007, and that confidential treatment be granted for Exhibit E. Deputy Chair Lewis seconded the motion.
8. **Docket No. 30013-186-GP-07 (Record No. 11039) Montana Dakota Utilities Co. (MDU) request for authority to pass on a wholesale gas cost increase of \$1.283 per decatherm, and for confidential treatment of certain supporting documents.** Don Biedermann, CAS, provided a technical memo dated February 21, 2007. Rita Mulkern, MDU, said the application is for a monthly purchased gas cost adjustment and reflects an increase in the market price of natural gas. Ms. Mulkern said MDU is requesting approval for service beginning March 1, and the filing complies with Rules 249 and 250. Mr. Biedermann said the increase is on a dollar-for-dollar basis and reflects no increase in MDU's rate of return. There were no further comments or questions. Mr. Biedermann recommended approval by Notice and Order, effective for usage on and after March 1, 2007, and that the request for confidential treatment be granted. Commissioner Byrnes moved to approve the pass-on by Notice and Order, effective for usage on and after March 1, 2007, and further that confidential treatment of Exhibit 3.a be granted. Deputy Chair Lewis seconded the motion.

9. **Docket No. 20004-68-EP-07 (Record No. 11046) Application of Montana-Dakota Utilities Co. for authority to pass on an electric cost adjustment decrease of \$0.00355 per kwh.** Jess Bottom, CAS, provided a technical memo dated February 21, 2007. Rita Mulkern, MDU, said approval of this adjustment is requested for usage beginning March 1, 2007, and complies with Rules 249 and 250. She also said the decrease will not change MDU's rate of return. Chris Petrie, Commission Counsel, said MDU's request for confidential treatment of information was not included on the agenda and will be addressed at the next open meeting. There were no further comments or questions. Mr. Bottom recommended approval of the application by Notice and Order, effective for usage on and after March 1, 2007. Commissioner Byrnes moved to approve the pass-on by Notice and Order, effective for usage on and after March 1, 2007. Deputy Chair Lewis seconded the motion.

A full audio transcript is available upon request.

Next Open Meeting: Friday, March 2, 2007, at 1:30 p. m.

Prepared by: Deborah McFerrin.

ACCEPTED and APPROVED by the Commission on the 18<sup>th</sup> day of May 2007.

---

Kathleen A. "Cindy" Lewis, Chairman