

MPUC SUPPORT FOR MESABA FADES  
November 1, 2007

At its meeting on 11/1/07 the Minnesota Public Utilities Commission considered requests from the parties regarding its 8/30/07 Order denying Excelsior Energy's effort to force a power purchase agreement on Xcel Energy.

Excelsior, Xcel and Minnesota Power had all filed petitions for reconsideration and/or clarification (see CAMP's 9/27/07 Update). The only request granted by the MPUC was to issue an erratum notice to correct legal citations in the initial order.

The Commission added an Issue not presented by the parties:  
"Should the Commission Reconsider its August 30, 2007 Order On Its Own Motion with Respect to the Party Negotiations of a Final Power Purchase Agreement?"

The Commission came close to terminating the negotiations and putting an end to Excelsior's quest for a forced PPA with Xcel. In the course of the discussion the Commissioners indicated that no utilities need or want Mesaba's energy because it uses coal and is too expensive. They noted that plans for coal-gasification plants have recently been delayed or canceled in three other states.

Chair Koppendraye said "This dog won't hunt" and told Excelsior it needs a new plan. Commissioner Reha said it's apparent that the PPA "isn't going to fly" at the present time.

The PPA proceeding was divided into two phases. In August the MPUC ruled on Phase 1 – that it was not in the public interest because it shifted too much of the cost and risk to Xcel ratepayers. An Administrative Law Judge has issued a report finding the same problems with Phase 2, which will be considered by the MPUC in the near future.

At that time the Commission will consider whether or not to put a time deadline on negotiations or TERMINATE THE NEGOTIATIONS, which now appears likely to be the outcome. That would let Xcel off the hook and leave Excelsior with little prospect of finding a customer for Mesaba's output. That should put an end to the Mesaba Project.