

COMMENTS OF THE ELECTRIC UTILITY GROUP

DOCKET NO. E999/CI-01-1023

**RE: ADJUSTMENTS TO CAPACITY PAYMENTS, PROPOSAL BY THE
MINNESOTA DEPARTMENT OF COMMERCE**

Following are the consolidated comments of Minnesota Power, Alliant Energy, Xcel Energy, Otter Tail Power and Dakota Electric (the “Electric Utility Group”) providing comments on the Department of Commerce proposed “Adjustments to Capacity Payments”, dated December 4, 2002.

The Adjustments to Capacity Payments proposal does accommodate for (a) the timing of the contract and (b) the length of the contract. However, it does not accommodate for potential overpayments of capacity. This is one concern for the Electric Utility Group and must be discussed before the proposal is deemed viable.

Overpayments of capacity can occur when payments for capacity are made prior to the utility’s need for capacity and the capacity is not available when needed. In essence, the utility would have paid for services not received. This is not an acceptable outcome for any business.

For further explanation, please see the consolidated comments from the Electric Utility group to the Rate Workgroup on December 6, 2000 (DG – Capacity.doc).