

The Commission met on **Thursday, May 12, 2011**, with Chair Anderson and Commissioners Boyd, Reha, and Wergin present.

The following matters came before the Commission:

## **TELECOMMUNICATIONS AGENDA**

### **P-999/M-10-826**

#### **In the Matter of a Petition by the Department of Commerce to Order Discontinuance of Service to Revoked Carriers and Carriers that have Relinquished their Certificates of Authority**

Commissioner Wergin moved to adopt the recommendations of the Minnesota Department of Commerce (the Department) as follows:

1. Order all local exchange and interexchange carriers to discontinue service arrangements enabling the following identified carriers to provide Minnesota intrastate telecommunications services to end-user and wholesale customers:

<b>Carrier Name</b>	<b>Relinquishment of Authority Docket Number</b>	<b>Order Date</b>
Time Warner Cable Information Services (MN), LLC	P6365/M-06-1651	6/9/2008
Horizon Telecom, Inc	P6173, 6011/PA-08-257	4/8/2008
Blackduck Telephone Company	P423, 505/PA-09-1227	12/17/2009
Lowry Telephone Company	P543, 425/PA-09-1166	11/23/2009
Minnesota Lake Telephone Company	P519, 549/PA-09-732	8/10/2009
A.R.C. Networks, Inc.	P5557/RL-10-1210	12/30/2010
ATX Licensing, Inc	P5901/RL-10-1211	1/18/2011
Budget Call Long Distance, Inc.	P3161/RL-10-1003	10/4/2010
TON Services, Inc.	P5805/M-10-819	8/17/2010
MGEN services Corporation	P6240/M-09-1426	1/27/2010
ITI Inmate Telephone, Inc.	P6628/M-09-1418	12/29/2009
AGM Telecom Corporation	P6451/M-09-1230	11/13/2009
NEXUSTel LLC	P6681/M-09-304	5/5/2009
Least Cost Routing, Inc.	P5276, 5223/PA-07-1480	12/24/2007
Computer Network Technology Corp.	P6659,5338/PA-07-1440	2/4/2008
Startec Global Operating Company	P5610, 5521/PA-07-1437	12/19/2007
Powercom Corporation	P6713, 3006/PA-09-50	2/25/2009
Looking Glass Network, Inc.	P5733, 5937/PA-09-11	2/25/2009
Ridley Telephone Company, LLC	P6141/RL-10-1297	2/9/2011
SNiP Link, LLC	P5954/RL-11-22	2/9/2011

2. Direct any local or interexchange carrier who determines that end-use or wholesale customers will be affected by the discontinuance of service directive, to contact the Department within seven days of the date of the Commission's order. The Department shall notify the carrier within three business days if the discontinuance may proceed, if there must first be a transition plan approved by the Department, or if the matter is to be further addressed by the Commission prior to the discontinuance.
3. Order all local exchange and interexchange carriers to not engage in any new service arrangements for the provision of services that enable the identified carriers to provide intrastate telecommunications service to end-user or wholesale customers effective immediately, unless the order is suspended by another Commission order.

The motion passed 4 - 0.

**P-421/AM-10-823**

**In the Matter of Qwest Corporation's Request to Resolve Seeming Inconsistencies between the Statutes Regarding the Collection of 911, TAP and TAM Fees**

Commissioner Reha moved to dismiss the request of Qwest Corporation to resolve an alleged inconsistency between the statutes addressing the collection of fees for the 911 emergency services telephone network, Telephone Assistance Plan (TAP) and Telecommunications Access Minnesota (TAM) as compared to the reimbursement process that exists as this matter has been previously addressed by Commission order.

The motion passed 4 - 0.

**P-999/CI-10-135**

**In the Matter of the Telephone Assistance Plan (TAP)**

Commissioner Boyd moved to do the following:

1. Accept the TAP reports.
2. Increase the level of benefit to \$2.50 per customer per month.
3. Reduce the level of surcharge to six cents per access line per month.
4. Order implementation of the benefit and surcharge levels on or the billing cycle after July 1, 2011.

The motion passed 4 - 0.

**P-999/M-11-5**

**In the Matter of DOC/TAM's 2010 Annual Report**

**P999/M-11-204**

**In the Matter of DOC/TAM's FY 2012 Proposed Budget and Surcharge Recommendation**

Commissioner Boyd moved to do the following:

1. Accept TAM's 2010 Annual Report.
2. Approve proposed budget as presented in Scenario 2 of briefing papers.
3. Approve a reduction in the TAM surcharge from \$0.10 to \$0.06 per month.

The motion passed 4 - 0.

## **ENERGY AGENDA**

**E-002/CN-11-184**

**In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for a Certificate of Need for Approximately 450 MW of Incremental Capacity for the Black Dog Generating Plant Repowering Project**

Commissioner Wergin moved to do the following:

1. Regarding the application of Northern States Power Company d/b/a Xcel Energy (Xcel) for a certificate of need, accept the application as complete when clarification of the forecasting issues is provided.
2. Procedurally,
  - A. direct the use of the informal review process of comment and reply,
  - B. delegate administrative authority to the Commission's Executive Secretary;
  - C. identify the name, telephone number, and e-mail address of the Commission employee designated to facilitate citizen participation in the process;
  - D. request that the Department continue to study issues and indicate during the hearing process its position on the reasonableness of granting a certificate to Xcel;
  - E. require that Xcel facilitate in every reasonable way the continued examination of the issues by the Department;
  - F. require Xcel to place a compact disc (CD) or hard copy of the Application for review in a Government Center and/or Public Library in the vicinity of the project;

- G. direct Commission staff to work with the ALJ and the staff of the Department in selecting suitable locations for a public hearing on the application; and
- H. direct Xcel's to work with staff of the Commission and the Department to arrange for publication of the notice of the hearings in newspapers of general circulation at least ten (10) days prior to the hearings, that such notice be in the form of visible display ads, and proofs of publication of such ads be obtained from the newspapers selected.
- I. Approve the proposed notice with a filing deadline of July 1, 2011.

The motion passed 4 - 0.

**IP-6687/TL-08-988**

**In the Matter of the Application for a Route Permit for the Noble Flat Hill Windpark I 230 kV Transmission Line**

**IP-6687/WS-08-1134**

**In the Matter of the Noble Application for a Large Wind Energy Conversion System (LWECS) Site Permit for the Noble Flat Hill Windpark I Project in Clay County**

Commissioner Wergin moved to dismiss the contested case proceedings as recommended by the Administrative Law Judge and adopt the proposed order as amended by staff and parties.

The motion passed 4 - 0.

**PL-9/PPL-07-361**

**In the Matter of the Application of Enbridge Energy Limited Partnership and Enbridge Pipeline, LLC for a Routing Permit for the Alberta Clipper Pipeline Project and the Southern Lights Project**

Commissioner Wergin moved to do the following:

1. Approve the *Report on the Complaint of Donovan D. Dyrdal and Anna M. Dyrdal v. Enbridge Energy Company, Regarding the Alberta Clipper Pipeline Project* (EFP Report) prepared by the Department's Energy Facilities Permitting Unit (EFP staff), modified to set the deadline for the 3<sup>rd</sup> Party Monitor's initial report at June 15, 2011
2. Request these additional items to be filed electronically by June 15, 2011:
  - A. The responses to Donovan D. Dyrdal's and Anna M. Dyrdal's 2010 Complaints to the Commission made by Enbridge Energy Limited Partnership and Enbridge Pipeline, LLC, (Enbridge) in February and May.
  - B. Direct communication from Enbridge regarding the July 2009 notice (referenced by EFP staff in the EFP Report).

- C. The nine inspection reports referenced on page 9 of the EFP Report (or alternatively, inclusion of the documents in the 3rd Party Monitor's report due in June of 2011).
  - D. Enbridge filing regarding the dates of construction and restoration completion on the Dyrdals' property specifically and the Alberta Clipper/Southern Lights Pipeline Project generally.
3. Order by June 15, 2011, and biannually thereafter, updates regarding Enbridge's post construction approval forms as follows:
- A. A list of landowners along the Alberta Clipper and Southern Lights Diluent Pipeline.
  - B. The status of each property in regard to the pipeline construction.
  - C. Anticipated or actual restoration completion date of each property.
  - D. The status of each post construction approval form.

The motion passed 4 - 0.

**G-007,011/AI-11-168**

**In the Matter of a Request by Minnesota Energy Resources Corporation (MERC) for Approval of a Modification to the Affiliated Interest Agreement Related to the Formation and Operation of Integrys Business Support, LLC**

Commissioner Boyd moved to accept the change to the Master Affiliated Interest Agreement as proposed by MERC, with the requirement that MERC identify in the initial filing in each and every docket in which application of the Specific Project Assignment allocator has been used, the following information:

- 1. Why the Specific Project Assignment allocator was used.
- 2. The specific allocation used in the Specific Project Assignment.
- 3. A full explanation as to why the specific allocation chosen is reasonable and in the public interest.
- 4. The effects of use of the Specific Project Assignment on total costs assigned to Minnesota ratepayers.

The motion passed 4 - 0.

**G-999/CI-09-409**

**In the Matter of the Compliance Filing Submitted by Great Plains Natural Gas Co. Regarding Certain Natural Gas Service Quality Reporting Standards**

Commissioner Boyd moved to do the following:

1. Accept the actions of Great Plains Gas Co. (Great Plains) to implement the customer complaint reporting requirements contained in Minnesota Rules, part 7826.2000, without extending call center response times as stated in the Commission's Order Setting Reporting Requirements (January 18, 2011), Ordering Paragraph No. 1.g.
2. Discontinue the requirement that Great Plains report every 60 days on the implementation of Great Plains's new mobile reporting system, as stated in Ordering Paragraph No. 1.q of the Commission's January 18, 2011 Order, subject to Great Plains's commitment to provide the Commission with timely notification when the new mobile reporting system is in place.

The motion passed 4 - 0.

**E-999/CI-07-1199**

**In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation Under Minn. Stat. § 216H.06**

Commissioner Reha moved to do the following:

1. Determine to continue using the current range of \$9 to \$34 per ton of carbon dioxide (CO<sub>2</sub>) as recommended by the Minnesota Pollution Control Agency and the Department and all parties that commented.
2. Keep 2012 as the year in which utilities begin assessing these costs in their planning.

The motion passed 4 - 0.

**ET-6,ET-6132/RP-10-782**

**In the Matter of Minnkota Power Cooperative, Inc. and Northern Municipal Power Agency 2010-2024 Integrated Resource Plan**

Commissioner Wergin moved to do the following:

1. Accept the resource plan of Minnkota Power Cooperative, Inc. and the Northern Municipal Power Agency but neither accept nor reject the utilities' forecast.
2. Direct the utilities to do the following in their next resource plan filing:

- A. Explore the use of econometric estimation of sales for the large commercial class.
  - B. Explore the use of alternative regression analyses that will increase the number of observations used in the utilities' forecast models.
  - C. Include results of energy savings projects for all years after 2009.
  - D. Provide an analysis of the impact of achieving different levels of energy and demand savings if the utilities find that they need to acquire supply-side resources during their next resource planning period.
3. Provide the Commission with annual updates beginning July 1, 2011, as to the status of the environmental compliance requirements of the federal Environmental Protection Agency (EPA) for the Young plant, including but not limited to the EPA'S Regional Haze requirements under a federal implementation plan.
  4. Require the utilities to file their next resource plan no later than July 1, 2014.

The motion passed 4 - 0.

**G-004/PA-10-873**

**In the Matter of the Petition of Great Plains Natural Gas Company for Approval of the Sale of the Redwood Falls Propane Air Peaking Plant**

**G-004/M-09-1262**

**In the Matter of a Request by Great Plains Natural Gas Company for Approval of its 2009-2010 Demand Entitlements**

Withdrawn from agenda prior to meeting.

**E-015/S-11-174**

**In the Matter of the Petition of Minnesota Power for Approval of its Capital Structure and Authorization to Issue Securities Under Minnesota Statute §216B.49**

Commissioner Boyd moved to do the following:

1. Approve the 2011 estimated capital structure for ALLETE, Inc. (Allete), with the approval to remain effective until the latter of May 1, 2012, or the date on which the Commission issues a new capital structure order.
2. Approve Allete's equity ratio contingency of plus/minus 10 percent around its 2011 proposed equity ratio, and direct Allete to obtain Commission approval before deviating from this range for longer than 60 days.

3. Approved Allete's total capitalization's contingency of \$230 million above its 2011 total capitalization. Allete directed to obtain Commission approval before exceeding this capitalization for longer than 60 days.
4. Approved any issuance of securities in 2011 that would not result in an equity ratio outside the proposed range or a total capitalization exceeding its proposed cap for more than 60 days.
5. Direct Minnesota Power (MP), a division of Allete, to obtain Commission approval before issuing securities in 2011 that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.
6. Direct MP to provide, within 20 days after each non-recurring issuance of securities, the following information:
  - A. the specific purposes for individual issuances;
  - B. the type of issuances;
  - C. the timing of issuances;
  - D. the amounts of issuances;
  - E. issuance costs (for common equity issuances, include price per share); and
  - F. interest rates.
7. Direct MP to provide in its next capital structure filing an exhibit showing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar on the uses identified in the exhibit or to limit issuances to project-specific financing. The exhibit need not list short-term, recurring security issuances.
8. Direct MP to provide in its next annual capital structure filings a report of actual issuances and uses of the funds from the prior year. The report will be for information purposes only and need not cover short-term recurring security issuances.
9. Approve MP's request for a variance to allow it to treat any loan under its multiyear credit facility as a short-term debt and require MP to report on its use of such facilities, including:
  - A. How often they are used;
  - B. The amount involved;
  - C. Rates and financing costs; and
  - D. The intended uses of the financing.
10. Direct MP to keep the Commission informed of any corporate restructuring.
11. Direct MP to keep the Commission informed of any Rating Agency action.

The motion passed 4 - 0.

**E-015/M-10-1083**

**In the Matter of the Minnesota Power's Petition for Approval to Defer the Tax Impacts of the PPACA Medicare Part D subsidies**

Commissioner Wergin moved to do the following:

1. Defer action on the potential cost recovery of the tax impact of Medicare Part D subsidies until MP's next rate case.
2. Direct MP, upon requesting cost recovery in its next rate case filing, to provide a detailed accounting of the effects of the Patient Protection and Affordable Care Act (PPACA), including:
  - A. dates and full description of any and all changes in benefit plans due to any aspect of the PPACA;
  - B. changes in benefit and costs due to any aspect of the PPACA;
  - C. identification of any and all changes in taxes due to any aspect of the PPACA or due to the PPACA as a whole;
  - D. any sources of revenue due to the PPACA; and
  - E. identification of any other changes in costs due to the PPACA.

The motion passed 4 - 0.

**E-015/GR-09-1151**

**In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota**

Commissioner Wergin moved to do the following:

1. Approve MP's compliance filing.
2. Authorize MP to implement its new class revenue apportionment, rate design, and rate structure on customer bills on a prorated basis for services rendered on, and after, June 1, 2011.
3. Do not allow MP to apply interest to the under-collected difference between interim and final rates.
4. Authorize MP to make its new class revenue apportionment effective June 1, 2011, the implementation date MP requested, for final rates on customer bills, on a prorated basis for services rendered on and after the effective date.

5. Approve MP's plan (modified to exclude interest) to surcharge all of its customers who were charged an interim rate adjustment for a proportionate share of the total under-collected amount.
6. Require MP to submit a compliance report within 30 days of completing the approved plan that describes the reconciliation between interim and final rates for the November 2, 2010 to May 31, 2011 time period. This reconciliation shall include the actual surcharges paid by each customer class and include supporting calculations.
7. Take no action on MP's proposed customer notice. (As soon after the Commission's May 12 meeting as is practical, a Commission notice approving a revised MP customer notice will be issued.)
8. Clarify and amend the November 2, 2010 Order to reflect the Commission's September 29, 2010 deliberations approving decision alternative 67 as follows:

Put MP on notice that if it continues to use a projected test year in future rate cases, the Company must budget in sufficient detail to allow appropriate analysis of its test year rate base and operating income. Failure to do so could result in denial of requested increases in their entirety.

The motion passed 3-1. Chair Anderson voted no.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: June 29, 2011**



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**Burl W. Haar, Executive Secretary**