

The Commission met on **Thursday, October 23, 2014**, with Vice-Chair Boyd and Commissioners Lange, Lipschultz, and Wergin present. Vice-Chair Boyd presided as acting Chair.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-6716, P-5615/C-14-383

In the Matter of the Complaint by the Minnesota Department of Commerce Against the Charter Affiliates Regarding Transfer of Customers

Commissioner Lipschultz moved to take the following actions:

1. Find that there are reasonable grounds to investigate the matter.
2. Find that the Commission has sufficient jurisdiction to investigate the matter, serve the complaint on the Charter Affiliates, and require the Charter Affiliates to file an answer to the complaint within 30 days of the issuance of the Commission order.
3. Interested parties should file comments within 60 days of the issuance of the Commission order. Replies should be filed within 70 days of the Commission order.
4. Grant the Executive Secretary authority to modify the schedule as necessary.

The motion passed 4-0.

ENERGY AGENDA

ET-6675/CN-12-1053

In the Matter of the Application of ITC Midwest LLC for a Certificate of Need for the Minnesota –Iowa 345 kV Transmission Line Project in Jackson, Martin, and Faribault Counties, Minnesota

ET-6675/TL-12-1337

In the Matter of the Application of ITC Midwest LLC for a Route Permit for the Minnesota –Iowa 345 kV Transmission Line Project in Jackson, Martin, and Faribault Counties, Minnesota

Commissioner Wergin moved to take the following actions:

1. Find that the EIS meets the requirements of Minn. R. 7850.1500, subp. 10, in that it:
 - Addresses the issues and alternatives raised in scoping to a reasonable extent considering the availability of information and the time limitations for considering the permit application;
 - Provides responses to the timely substantive comments received during the draft environmental impact statement review process; and
 - Was prepared in compliance with the procedures in parts 7850.1000 to 7850.5600.
2. Approve and adopt the ALJ's Findings of Fact, Conclusions of Law, and Recommendation for the ITC Minnesota –Iowa 345 kV Transmission Line Project with modifications to Conclusions 24, 25, 26, and 28-32 relating to permit conditions as set forth below:

Conclusion 24:

Standard Route Permit Condition 4.2.4 should be modified to acknowledge that occasionally construction activities may occur outside the defined daytime hours of 7 a.m. to 10 p.m. or on a weekend if ITC Midwest is required to work around customer schedules, line outages, or has been significantly impacted due to other factors.

Conclusion 25

Standard Route Permit Condition 4.7.3 regarding interference with communication devices should be modified to read:

Should electronic interference with radio or television, satellite, wireless internet, GPSbased agriculture navigation systems or other communication devices occur as a result of the presence or operation of the transmission line, Permittee will work with affected landowners on a case-by-case basis to assess the cause of the interference and, to the extent practicable, restore electronic reception to pre-Project quality.

Conclusion 26

A Special Route Permit Condition requiring an AIMP and requiring ITC Midwest's compliance with the AIMP is appropriate for the Project.:

The Permittee shall comply with the AIMP prepared for this project and approved by the Minnesota Department of Agriculture. The permittee shall distribute the AIMP with the route permit to all affected landowners in accordance with Section 4.5 of this permit.

Conclusion 28

A Special Route Permit Condition requiring ITC Midwest to prepare a vegetation management plan (VMP) is appropriate for the Project: Permittee shall develop a VMP. Permittee shall submit the VMP with the Construction Environmental Control Plan and monitor compliance with the

VMP in accordance with the procedures set forth in the VMP. The purpose of the VMP shall be to identify measures to minimize the disturbance and removal of vegetation for the Project, prevent the introduction of noxious weeds and invasive species, and revegetate disturbed non-cropland areas with appropriate native species in cooperation with landowners and state, federal, and local resource agencies, in such a way that does not negatively impact the safe and reliable operation of the Project. The VMP shall include:

1. Measures that will be taken to minimize vegetation disturbance and removal during construction of the Project to the extent that such actions do not violate sound engineering principles of system reliability criteria.
2. Measures that will be taken to prevent the introduction of non-native and invasive species.
3. Measures that will be taken to revegetate disturbed non-cropland areas with appropriate native species to the extent that such actions do not violate sound engineering principles or system reliability criteria.
4. Processes by which Permittee will identify landowner and resource agency preferences or requirements regarding vegetation management (e.g., no herbicide application, etc.) and how these preferences or requirements will be addressed.
5. Measures that will be used to manage vegetation during operation and maintenance of the Project, including tall tree species within and outside of the permitted right-of-way that endanger the safe and reliable operation of the transmission line, in accordance with this permit and any local, state or federal permit licenses, or approvals.

Conclusion 29

A Special Route Permit Condition requiring ITC Midwest to prepare a SWPPP is appropriate for the Project.

Conclusion 30

A Special Route Permit Condition requiring a Construction Environmental Control Plan worded as follows is appropriate:

Permittee shall develop a Construction Environmental Control Plan. The Construction Environmental Control Plan shall include all environmental control plans and special conditions imposed by permits or licenses issued by state or federal agencies related to agency-managed resources. Plans within the Construction Environmental Control Plan shall include the Agricultural Impact Mitigation Plan (AIMP), an Avian Mitigation Plan (AMP), a Vegetation Management Plan (VMP), and a Stormwater Pollution Prevention Plan (SWPPP).

The Construction Environmental Control Plan shall be filed with the Commission thirty (30) days prior to submitting the Plan and Profile for any segment of the Project. The Construction Environmental Control Plan shall include the following:

1. Identification of and contact information for an Environmental Monitor to oversee the construction process and monitor compliance with the Construction Environmental Control Plan and all plans therein.
2. A process for regular reporting on construction status and the results of construction inspection and monitoring to the Commission.
3. A process for reporting the status of permits and licenses or other approvals from local units of government, state agencies, or federal agencies for the Project to the Commission.
4. A process for internal tracking of construction management, including required plan or permit inspection forms.

Conclusion 31

The following Special Route Permit Condition for the Des Moines River crossing is appropriate for the Project:

This Route Permit shall allow Permittee to construct the Project across the Des Moines River within Modified Route A along either the existing transmission line centerline (referred to as JA-2 in the EIS) or the Modified Route A alignment without providing additional information on the potential for environmental impacts. Permittee intends to work with the MnDNR and the landowners on the east and west banks of the Des Moines River, to the extent practicable. To accommodate various considerations regarding impacts to environmental features, including an Oak-Basswood forest, avian species, and agricultural operations, and to avoid interference with air navigation at the Jackson Municipal Airport, Permittee may use specialty structures if necessary.

The Permittee shall consult with the MnDNR regarding the feasibility of mitigation measures for the crossing of the Des Moines River, and shall jointly determine with the MnDNR the alignment and mitigation measures that best mitigate avian impacts and impacts to the Oak-Basswood forest at the Des Moines River crossing. The Permittee shall document this consultation and the alignment and mitigation measures agreed upon by the Permittee and the MnDNR for the crossing. The Permittee shall submit this information with the plan and profile for this section of the Project.

Conclusion 32

It is not appropriate to require ITC Midwest to train construction workers in the handling of archaeological resources but it is appropriate to require ITC Midwest to inform construction workers of known archaeological and historic resource areas along the permitted route for the Project given the limited risk for impact to archaeological and historic resources as Modified

Route A primarily follows disturbed areas including agricultural fields. The following Special Route Permit Condition is appropriate for the Project:

Permittee shall consult with State Historic Preservation Office (SHPO) concerning the extent of a Phase I archaeological survey and appropriate mitigation measures for the Project. Permittee shall document and submit to the Commission the results of this consultation, including those portions of the Project that will be surveyed and the extent of the survey with the Construction

Environmental Control Plan for the Project.

For those portions of the Project that are surveyed, Permittee shall submit, with the plan and profile for these portions, the results of the survey and all applicable avoidance and mitigation measures employed or to be employed. Permittee shall inform construction personnel of known archaeological resources along the permitted route for the Project and of archaeological survey results. The Permittee shall employ a monitor that reports to and communicates with the Environmental Monitor to identify and report archaeological resources encountered during construction of the Project and to coordinate with SHPO on appropriate mitigation measures.

Conclusion 33

The permittee shall distribute to relevant landowners information prepared by state agencies the Department of Commerce regarding landowner rights with respect to right-of-way negotiations concurrent with the permittee's first contact with these landowners regarding right-of-way acquisition.

3. Grant a certificate of need for the ITC Midwest Minnesota – Iowa 345 kV Transmission Line Project, and impose the following conditions:
 - Allow utilities subject to the Commission's ratemaking authority to recover through their TCRs no more than \$284 million, or an amount in excess of that to the extent justified to the satisfaction of the Commission.
 - Order ITC Midwest to work with the Department to develop a spreadsheet and make a compliance filing containing a spreadsheet ITC can use to calculate the cost of alternatives, including the Commission's CO2 internal cost and externality values, in future certificate of need filings in a consistent manner.
 - Order ITC Midwest to use the Commission's externality values and cost of future CO2 regulation value in future certificate of need proceedings.
4. Issue a high-voltage transmission line route permit identifying Modified Route A1 for the ITC Midwest Minnesota – Iowa 345 kV Transmission Line Project in Jackson, Martin, and Faribault Counties.

The motion passed 4—0.

E-002/M-14-364

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for a Renewal of Variances to the Fuel Clause Adjustment Rules

Commissioner Lange moved to approve Xcel's request for a renewal of variances to the Fuel Clause Rules for an additional three years, with the following requirements for its next forecasted FCA compliance report:

- Xcel will continue to comply with all the requirements of the Commission's July 16, 2008 Order in Docket No. E002/M-08-451;
- Xcel will provide a comparison of the monthly and annual true-up methods in terms of their accuracy over the reporting period as discussed above;
- Xcel will provide a comparison of the monthly and annual true-up methods in terms of their impact on large interruptible customers over the reporting period; and
- Any Commission Order enacting a new or revised FCA mechanism would take precedence and end the variance prior to the end of the three year extension.

The motion passed 4-0.

E-017/RP-13-961

In the Matter of Otter Tail Power Company's Application for 2014–2028 Integrated Resource Plan Approval.

Commissioner Lipschultz moved to take the following actions:

1. Approve Otter Tail Power Company's 2014-2028 resource plan with modifications.
2. Require Otter Tail Power to file its next resource plan on December 1, 2015.
3. Require Otter Tail Power to obtain approximately 200 MW, subject to need, of intermediate capacity (and associated energy) in the 2019 – 2021 timeframe by constructing the resource itself, by sharing in the ownership of the resource, or by procuring the resource through bilateral contracts, whichever option is most cost-effective.

The motion passed 4-0.

Commissioner Lange moved to take the following actions:

1. Find that the evidence in this record demonstrates that, in addition to Otter Tail Power's 200 MW capacity need in 2019–2021, up to 300 MW of wind in the 2017–2021 timeframe is cost-effective.

2. Authorize Otter Tail Power to obtain up to 300 MW of wind in the 2017–2021 timeframe if cost-effective and to the extent consistent with reliable system operation.

The motion carried 4-0.

Commissioner Lange moved to take the following actions:

1. Modify Otter Tail’s action plan to add enough solar to comply with the Solar Energy Standard.
2. Direct Otter Tail to explore procuring at least half of its SES compliance by December 2016 to secure potentially expiring tax credits for solar resources. Otter Tail shall include progress toward this December 2016 goal in each of its Annual SES Reports required under Minn. Stat. § 216B.1691, subd. 2f(g).

The motion carried 4-0.

Commissioner Lange moved to modify Otter Tail’s plan to include 1.7 percent energy savings.

The motion failed 2-2. Chair Boyd and Commissioner Wergin voted against the motion.

Commissioner Lange moved to require Otter Tail Power, in its next resource plan, to evaluate additional conservation scenarios that would achieve greater energy savings beyond those in the base case. Otter Tail shall provide cost assumptions for achieving every 0.1% of savings above 1.5% retail sales, up to 2% of retail sales.

The motion carried 4-0.

Commissioner Boyd moved that Otter Tail’s use of bilateral energy contracts should not be limited to the first five years of the planning period, as long as the contracts are secured and a cost-effective resource.

The motion carried 4-0.

Commissioner Wergin moved to take the following actions:

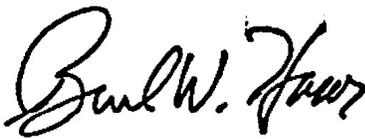
1. For the Company’s next resource plan, require Otter Tail to include a scenario which caps MISO day-ahead market energy at ten percent of Otter Tail’s total energy needs, after the first five years of the planning period.
2. For the Company’s next resource plan, require Otter Tail to restrict Strategist from selecting generic, wholesale capacity purchases after the first five years of the planning period, unless a specific, known, and reasonable contract exists.
3. For the Company’s next resource plan, require Otter Tail to include an analysis of the effects of retiring its Jamestown and Lake Preston peaking units.

4. For the Company's next resource plan, require Otter Tail to file a proposal to replace Hoot Lake Plant, to include expected dates for filing: a Certificate of Need with the Commission, an Attachment Y with MISO, and an interconnection request with MISO for its proposed new facility.
5. Direct Otter Tail to monitor the discussion regarding Minnesota's greenhouse gas reduction goal in the pending SMMPA 2014 resource plan docket, Docket No. 13-1104, and provide an analysis in the Company's next resource plan.
6. Require Otter Tail to file all pertinent details demonstrating the reasonableness of the energy-only bilateral purchased power agreement it entered into on October 7, 2014. The Company shall provide the price(s) of the energy under the contract, whether any resource would be replaced by the energy-only purchase, and any other information necessary for the Department and the Commission to determine whether this bilateral purchase is reasonable.
7. Require Otter Tail to provide detailed data, calculations, and written explanations in its initial filings in future regulatory proceedings which require a forecasting analysis (e.g., general rate cases, integrated resource plans) supporting its Heating Degree Day base; and investigate other regression specifications and methods to account for the change in the capacity control set point in future regulatory filings.
8. Require Otter Tail to use Strategist in the Company's next IRP.
9. Require Otter Tail to include, in all future IRPs, a forecast of the market cost of SO₂ allowances, as well as any other emissions allowances granted to the Company.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: December 24, 2014



Burl W. Haar, Executive Secretary