

The Commission met on **Thursday, August 23, 2012**, with Commissioners Reha, Boyd, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

### **TELECOMMUNICATIONS AGENDA**

#### **P-5850/RV-12-487**

#### **In the Matter of the Revocation of Telemangement Systems, Inc.'s Certificate of Authority**

Commissioner Wergin moved that the Commission revoke Telemangement Systems, Inc.'s certificate of authority.

The motion passed,4-0.

### **ENERGY AGENDA**

#### **ET-2/TL-08-1474**

#### **In the Matter of the Route Permit Application for a 345 kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota**

Commissioner Wergin moved that the Commission authorize the minor alteration request for the Brookings County-Hampton 345 kV Transmission Line Project without conditions.

The motion passed, 4-0.

#### **G-022/M-12-468**

#### **In the Matter of the Petition of Greater Minnesota Gas, Inc. for Approval to Modify its Gas Main Extension Rules and Service Charges**

Commissioner Boyd moved that the Commission:

1. Authorize Greater Minnesota Gas to modify its extension policy for new gas mains to require that for a new extension project to be completed without a contribution in aid of construction, the project must be economically feasible. A project may be considered economically feasible if new load is expected to provide Greater Minnesota Gas with annual gross margins (i.e., revenue less the cost of gas) equal to or greater than 18% of Greater Minnesota Gas's estimated cost for the project.
2. Authorize Greater Minnesota Gas to modify its policy for excess footage charges as follows:

- a. For projects in which a customer (or developer) contribution in aid of construction is required, each customer will be required to pay a contribution such that gross margins are projected to be 18% of estimated project costs after excluding costs equal to the customer's contribution in aid of construction.
  - b. For new service lines, any excess footage over the 250 foot per customer allowance will be charged at the Company's estimated material and contractor cost for the excess footage at the time of installation, but shall not exceed \$5.00 per foot.
3. Authorize Greater Minnesota Gas to charge a connection charge of \$75 when a customer signs up for new service on or before June 30th, and a \$175 connection charge when a customer signs up on or after July 1st.
4. Require Greater Minnesota Gas keep records and be prepared in its next rate case to demonstrate, with appropriate documentation, the reasonableness of its set-aside calculations. These records, at a minimum should indicate by year, starting no later than 2012, any proposed reduction in the amount of plant investment that has been set aside from rate base that Greater Minnesota Gas proposes to add to rate base. These schedules shall include:
  - a. A narrative explanation for each proposed addition to rate base of previously set aside investment in plant.
  - b. The calculations that support the proposed shift from set-aside to rate base.
  - c. Calculations and schedules that show the ratepayer impact of the addition to rate base.
5. Order that the modifications authorized in paragraphs 1 – 3 shall become effective on the date of the Commission's order.
6. Require Greater Minnesota Gas, within ten days of the date of the Commission's order, submit a compliance filing that implements the Commission's decision.

The motion passed, 4 – 0.

**E-002/GR-10-971**

**In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota**

Commissioner Wergin moved to take the following actions:

1. Approve a revised final revenue increase of \$72,716,000 for 2012 and total retail related revenues including, interdepartmental sales, for the test year ended December 31, 2012 of \$2,739,266,000.

2. Find Xcel's method of applying the Commission's Order as it relates to class revenue apportionment to be reasonable.
3. Find that Xcel's compliance tariffs submitted on June 4 and July 25, 2012 comply with the Commission's *Findings of Fact Order*, in this matter. Require the Company to make final rates effective for service rendered on and after September 1, 2012.
4. Determine that the revenue requirement for the MERP and RES riders for the period January 1, 2012 to the effective date of final rates should be based on the agreement dated August 22 to reflect the resolution of the originally proposed \$6,952,000 adjustment to \$5,401,000.
5. Allow Xcel to off-set the rate case refund with any unrecovered balance in the MERP and RES trackers.
6. Allow Xcel to use the 2012 revenue deficiency from the May 14th Order to calculate the interim rate refund related to 2012 as shown by the Company in the compliance filing.
7. Approve Xcel's proposed refund plan as filed, as modified by the agreement dated August 22 to reflect the resolution of the originally proposed \$6,952,000 adjustment to \$5,401,000. Require the Company to commence refunds on or before October 1, 2012.
8. Require Xcel to submit, within 10 days of completing the refund, a compliance filing that shows the actual refunds and interest paid by class, including the supporting calculations.
9. Require Xcel Energy to resubmit the CIP tracker account (including rates, revenues, expenses, and ending balance) for the entire period that interim rates were in effect within 10 days after final rates become effective.
10. Put Xcel on notice that, in any rate case that proposes to roll riders into final rates, Xcel should ensure that final rates reflect any decision made by the Commission in rider dockets during the rate-case proceeding.
11. Accept Xcel's first annual compliance on the Tax Agreement on how to handle for regulatory purposes the treatment of the net operating loss and the deferred tax asset.
12. Find that Xcel's Windsource Program Survey, filed on June 1, 2012, in both Docket No. E-002/GR-10-971 and in the Windsource Program Docket No. E-002/M-01-1479, meets the compliance requirements of Ordering Paragraph 28 of the Commission's *Findings of Fact Order* in this matter.

At the request of Commissioner O'Brien, Commissioner Wergin amended her motion to remove items 4 and 7, to be addressed by later motion.

Commissioner Reha offered a friendly amendment to clarify that this motion strictly applies to this particular case and is not intended to be precedential because of the unique circumstances and facts of this case. Commissioner Wergin agreed, and asked Commissioner O'Brien to repeat his earlier formulation on that issue. Commissioner O'Brien stated that, given unusual circumstances, one of which is that the Commission ended up with two different test years, the approval of this settlement should not constitute Commission precedent but rather reflect a decision to resolve difficult and complex issues in an expeditious manner.

Commissioner O'Brien inquired as to Commissioners' interest in postponing deliberations on the interim rate refund issue and setting the issue for further development. Commissioner Wergin rescinded her motion, to permit Commissioner O'Brien to move for further development of the interim rates refund issue.

Commissioner O'Brien moved to postpone deliberation on the interim rates refund, set the matter over for a supplementary proceeding, give parties an opportunity for further comment, and set the case for deliberations within 90 days.

The motion failed 3-1. Commissioners Boyd, Reha, and Wergin voted no.

Commissioner Wergin moved to take the following actions:

1. Determine that the revenue requirement for the MERP and RES riders for the period January 1, 2012 to the effective date of final rates should be based on the agreement dated August 22 to reflect the resolution of the originally proposed \$6,952,000 adjustment to \$5,401,000.
2. Approve Xcel's proposed refund plan as filed, as modified by the agreement dated August 22 to reflect the resolution of the originally proposed \$6,952,000 adjustment to \$5,401,000. Require the Company to commence refunds on or before October 1, 2012.

The motion passed 4-0.

Commissioner Wergin moved to take the following actions:

1. Approve a revised final revenue increase of \$72,716,000 for 2012 and total retail related revenues including, interdepartmental sales, for the test year ended December 31, 2012 of \$2,739,266,000.
2. Find Xcel's method of applying the Commission's Order as it relates to class revenue apportionment to be reasonable.

3. Find that Xcel's compliance tariffs submitted on June 4 and July 25, 2012 comply with the Commission's *Findings of Fact Order*, in this matter. Require the Company to make final rates effective for service rendered on and after September 1, 2012.
4. Allow Xcel to off-set the rate case refund with any unrecovered balance in the MERP and RES trackers.
5. Allow Xcel to use the 2012 revenue deficiency from the May 14th Order to calculate the interim rate refund related to 2012 as shown by the Company in the compliance filing.
6. Require Xcel to submit, within 10 days of completing the refund, a compliance filing that shows the actual refunds and interest paid by class, including the supporting calculations.
7. Require Xcel Energy to resubmit the CIP tracker account (including rates, revenues, expenses, and ending balance) for the entire period that interim rates were in effect within 10 days after final rates become effective.
8. Put Xcel on notice that, in any rate case that proposes to roll riders into final rates, Xcel should ensure that final rates reflect any decision made by the Commission in rider dockets during the rate-case proceeding.
9. Accept Xcel's first annual compliance on the Tax Agreement on how to handle for regulatory purposes the treatment of the net operating loss and the deferred tax asset.
10. Find that Xcel's Windsource Program Survey, filed on June 1, 2012, in both Docket No. E-002/GR-10-971 and in the Windsource Program Docket No. E-002/M-01-1479, meets the compliance requirements of Ordering Paragraph 28 of the Commission's *Findings of Fact Order* in this matter.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: October 10, 2012**



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**Burl W. Haar, Executive Secretary**