

The Commission met on **Wednesday, October 20, 2011**, with Acting Chair Reha and Commissioners Boyd, O'Brien, and Wergin present.

The following matters came before the Commission:

## **ENERGY AGENDA**

### **ET-10/MC-11-857**

#### **In the Matter of the Application by the Western Minnesota Municipal Power Agency for a Minor Alteration to the Fergus Falls – Henning 230 kV Transmission Line in Otter Tail County, Minnesota**

Commissioner O'Brien moved, with regard to the minor alterations requested by the Western Minnesota Municipal Power Agency (WMMPA) to its plans for rerouting and rebuilding the Fergus Falls – Henning 230 kilovolt (kV) transmission line, to authorize the alternations with the following conditions:

1. Archaeological Survey

Prior to construction, WMMPA shall conduct an archaeological survey (Phase I) for the project. WMMPA shall contract with a qualified archaeologist to complete the survey and shall submit the results of the survey to the Commission, the Minnesota state archaeologist, and the Minnesota State Historic Preservation Office (SHPO) at the Minnesota Historical Society. WMMPA shall make every effort to avoid impacts to identified archaeological and historic resources during construction.

In the event that an archaeological or historic resource is encountered during construction, WMMPA shall mark and preserve the resource and directly consult with SHPO. SHPO shall have three working days from the time the agency is notified by WMMPA of a resource site to conduct an inspection of the site. On the fourth day after notification, WMMPA may begin work on the site unless SHPO has directed that work shall cease. In such event, work shall not continue until SHPO determines that construction can proceed.

Prior to construction, WMMPA shall ensure that construction personnel are trained about the need to avoid archaeological and historic resources, how to identify these resources, and procedures to follow if such resources are found during construction.

2. Notification to Commission

A. At least 10 days before the rebuilt line is to be placed into service, WMMPA shall notify the Commission of the date on which the line will be placed into service and the date on which construction was complete.

- B. Within 60 days after completion of construction, WMMPA shall submit to the Commission geo-spatial information for all above ground structures associated with the project.

The motion passed 4 – 0.

**E-002/CN-09-1390**

**In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy and the City of Glencoe for a Certificate of Need for 115kV Transmission Line Upgrades to the Glencoe-Waconia 69 kV System**

Commissioner Wergin moved to do the following:

1. For purposes of the certificate of need, find that the Environmental Assessment on this project adequately addresses the Scoping Decision of the Director of the Division of Energy Resources of the Minnesota Department of Commerce (the Department).
2. Grant the applicants a Certificate of Need for the 115 kV transmission line upgrades to the Glencoe – Waconia 69 kV system in Carver and MacLeod Counties.

The motion passed 4 – 0.

**E-002/TL-10-249**

**In the Matter of the Application for a HVTL Route Permit for the Glencoe-Waconia 115 kV Transmission Line Upgrade**

Commissioner Wergin moved to do the following:

1. Determine that the environmental assessment and record created at the public hearing address the issues identified in the Environmental Assessment Scoping Decision.
2. Designate the proposed route/sites for the Glencoe-Waconia high-voltage transmission line (HVTL) project and associated facilities to include the Waldron Alternative Route Segment and relocation/up-grade of the Plato Substation.
3. Issue a HVTL route permit, with appropriate conditions, to Northern States Power Company.
4. Approve and adopt the proposed Findings of Fact, Conclusions of Law, and Order Issuing a HVTL Permit for the Southwest Twin Cities 115 kV Transmission Line Upgrades to the Glencoe-Waconia System with the following modifications:

- A. Amend the heading as follows:

Ellen Anderson  
David Boyd  
J. Dennis O'Brien  
Phyllis Reha  
~~Thomas Pugh~~  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
~~Commissioner~~  
Commissioner

B. Amend Finding 4 to omit references to proposed route segments 3a, 3b, and 5a.

C. Amend Finding 92 as follows:

The project will be designed and constructed in compliance with local, state, NESC and ~~Great River Energy~~ Xcel Energy standards regarding clearance to the ground, clearance to crossing utilities, strength of materials and right-of-way widths.

5. Approve and adopt the proposed route permit with the following modifications:

A. Amend the heading to identify the applicant as Northern States Power Company rather than Xcel Energy.

B. Amend Section III to omit references to proposed route segments 3a, 3b, and 5a.

The motion passed 4 – 0.

#### **E-002/TL-11-800**

#### **In the Matter of the Route Permit Application for the North Rochester to Chester 161 kV Transmission Line Project in the Goodhue, Olmsted, and Wabasha Counties**

Commissioner Boyd moved to do the following:

1. Accept as complete Xcel Energy's route permit application for the North Rochester to Chester 161 kV transmission line project, and authorize the Department's Energy Facilities Permitting (EFP) staff to process the application under the alternative permitting process pursuant to Minnesota Rules, parts 7850.2800 to 7850.3900.
2. Authorize EFP staff to name a public advisor in this case.
3. Determine that based on the available information an advisory task force is not necessary at this time.

The motion passed 4 – 0.

**E-002/M-02-633**

**In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy For Approval of its 2011 Emissions Reduction Project Revenue Requirement and Tracker Balance Report**

Commissioner Boyd moved to approve Xcel Energy's proposal in accordance with the December 11, 2003 Settlement Agreement.

The motion passed 4 – 0.

**E-015/M-11-626**

**In the Matter of the Petition by Minnesota Power for Approval of Investments and Expenditures in the Bison 3 Wind Project Pursuant to Minn. Stat. §216B.1645**

**E-015/RP-09-1088**

**In the Matter of Minnesota Power's 2010-2024 Integrated Resource Plan**

Commissioner Boyd moved to do the following:

1. Find that Minnesota Power's Bison 3 Wind Project is an eligible energy technology under Minn. Stat. § 216B.1691.
2. Find that Minnesota Power's petition in this matter meets the requirements set forth in Minn. Stat. § 216B.1645, subd.1.
3. Approve the investment and expenditure for the Bison 3 Wind Project under Minn. Stat. § 216B.1645 as requested by Minnesota Power in its petition.
4. Limit Minnesota Power's Bison 3 Wind Project cost recovery through the renewable rider under Minn. Stat. § 216B.1645, subd. 1, to the amounts of the initial cost estimates included in Minnesota Power's petition. Clarify that Minnesota Power will have the opportunity to seek recovery of other costs on a prospective basis, with no deferred accounting, in a subsequent rate case.
5. Require Minnesota Power to file with the Commission and the Department the following information:
  - A. Receipt of all permits from the North Dakota Public Service Commission needed to start construction of the plant.
  - B. Written notification when delivery of all wind turbines to the site is completed.
  - C. The date that the Bison 3 Wind Project becomes operational.
  - D. Information regarding the eligibility of the proposed project for tax investment credits in North Dakota, along with federal credits, the amounts of such credits, and whether and how such credits are reflected in Minnesota Power's cost figures, including estimated customer rate impacts.
  - E. The dates and amount of any curtailment due to the use of the alternating current transmission system. Minnesota Power should file this information as soon as practical after a curtailment event.

6. Require Minnesota Power to file a rate adjustment under its renewable rider, when practical, as required by Minn. Stat. § 216B.1645, subd 2.
7. Require Minnesota Power, when filing its request for recovery of costs for the project through its renewable rider, to file complete information explaining any cost deviation from the costs approved and from estimated customer rate impacts.
8. In response to the June 21, 2011 Notice of Changed Circumstances filed by Minnesota Power under Minnesota Rules, part 7843.0500, in Docket No. E-015/RP-09-1088, find that no additional administrative proceedings, other than the Commission's review and decisions in Docket No. E-015/M-11-626, are necessary at this time.

The motion passed 4 - 0.

**E-001/GR-10-276**

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

**E-001/M-10-312**

**In the Matter of the Interstate Power and Light Company's Petition for Approval of Eligibility for Investment in Whispering Willow - East, Renewable Energy Recovery Adjustment, and 2010 Rate**

Commissioner Reha moved on the Commission's own motion to reconsider the Commission's Findings of Fact, Conclusions, and Order (August 12, 2011) in Docket No. E-001/GR-10-276, *In the Matter of the Application of Interstate Power and Light Company for Authority to Increase Rates for Electric Service in Minnesota*, and to limit the reconsideration to the specific issues set forth below.

The motion passed 4 - 0.

*Whether to Credit the Gain on Sale to Ratepayer:* Commissioner Wergin moved to affirm the Commission Order with respect to this issue.

The motion passed 4 - 0.

*Correction to the Calculation of the Gain on Sale Credit:* Commissioner Boyd moved to correct the income statement and related schedules to remove the inadvertent error of \$292,411 in calculating the credit related to 2008 true-up amount.

The motion passed 4 - 0.

*Method of Crediting the Gain on Sale to Ratepayer:* Commissioner O'Brien moved to do the following:

1. Modify the Order to specify that the \$4,812,282 remaining gain on sale will be amortized over a four year period, \$1,203,071 on an annualized basis, starting on July 6, 2010.

2. Modify the Order to specify that when the gain on sale amount is depleted, Interstate Power and Light Company (IPL) will be allowed to implement new rates based on the test year in the instant rate case with the credit removed.
3. Require IPL as part of its compliance filing, within 30 days of the date of this Order, to provide the same information required by Ordering paragraph 3 A through E of the August 12 Order for proposed rates schedules to be implemented upon the expiration of the gain on sale credit, and to propose a date for such rates to be effective.
4. If IPL files another electric rate case prior to crediting the full amount of the gain on sale to ratepayers,
  - A. Return any undistributed amount to ratepayers as a one-time credit or in another manner approved by the Commission and
  - B. File a plan for returning such gains simultaneously with its initial rate case filing.

The motion passed 4 - 0.

*Recovery of Lansing 4 Environmental Project Costs:* Commissioner Wergin moved to affirm the Commission Order with respect to this issue.

The motion passed 4 - 0.

*Recovery of Sutherland Plant Costs:* Commissioner O'Brien moved to affirm the Commission Order with respect to this issue.

The motion passed 4 - 0.

*Sales Forecast -- Correction of Tables:* Commissioner Boyd moved to correct the table on page 27 setting forth an alternative test year forecast from the Minnesota Department of Commerce (the Department) by removing the \$ sign from the Total WN Kilowatt-hour (kWh) Sales row, and by replacing the table on page 28 of the Order with the following:

Department Alternative Test Year Forecast	
Total WN kWh Sales	854,684,761
Total WN Revenue Impact	\$1,435,828
WN ECA & RCA Revenue Impact	\$567,136
Net of CCRC Impact	\$829,193.98

The motion passed 4 - 0.

*Sales Forecast – Correction of Revenue Requirements:* Commissioner Wergin moved to modify the Total Revenue and related income statement and gross revenue deficiency tables in the Order, and the related ordering paragraphs, to correct an inadvertent calculation error so that the Order accurately reflects the Commission’s adoption of the Department’s sales forecast, as recommended by the Department on pages 2-4 of its September 1, 2011 Motion for Correction or Clarification.

The motion passed 4 - 0.

*Sales Forecast – IPL Commitments for Future Rate Cases:* Commissioner Boyd moved to modify the Order to specifically add an ordering paragraph that states: “In all future rate cases, IPL and/or its successors are required to comply with the agreement described in Exhibit 108, which is included herein by reference.”

The motion passed 4 - 0.

*Return on Equity:* Commissioner Wergin moved to reaffirm the Commission’s Order with respect to this issue.

The motion passed 4 - 0.

*Rate Base Reduction for Retired Generating Units:* Commissioner Boyd moved to clarify the Order and remove the \$221,814 ADIT balance related to the disallowed retired generating plants from rate base.

The motion passed 4 - 0.

*Whispering Willow East (WWE) – Scope of Issues in Docket No. E-001/M-10-312:* Commissioner Wergin moved to clarify the Order by adding an explicit statement that all cost recovery issues relating to WWE remain subject to determination and true-up following further record development in Docket No. E-001/M-10-312, *In the Matter of the Interstate Power and Light Company's Petition for Approval of Eligibility for Investment in Whispering Willow - East, Renewable Energy Recovery Adjustment, and 2010 Rate.*

The motion passed 4 - 0.

*WWE – Procedural Issues in Docket No. E-001/M-10-312:* Commissioner O’Brien moved to clarify and amend the Order by establishing a process for further record development in Docket No. E-001/M-10-312, including some or all of the recommendations of IPL:

- A. Direct the parties to confer about process issues within 30 days of the Order After Reconsideration, file comments on procedures within 60 days of the Order, and reply comments by 20 days after the comments.
- B. Develop a process by which the trade secret portions of the records of the Luverne, Bison, Nobles, and Merricourt wind projects can be made available to IPL, such as a protective order issued by the Commission or an administrative law judge.

- C. Incorporate the record on WWE developed in the instant rate case into Docket No. E-001/M-10-312.

Commissioner O'Brien withdrew his motion.

Commissioner Boyd moved not to clarify or amend the Order with respect to this issue.

The motion passed 4 - 0.

*WWE - Renewable Rider Implementation at Time of Final Rates While Docket No. E-001/M-10-312 is Pending:* Commissioner Wergin moved not to amend the Order to address how the renewable rider should be implemented.

The motion passed 4 - 0.

*Rate Design:* Commissioner Boyd moved to not amend the Order to address the methodology for calculating class revenue allocation and class rates.

The motion passed 4 - 0.

*Refund Plan:* Commissioner Wergin moved to not amend the Order to address whether the amount of the refund should be reduced for the costs of WWE.

The motion passed 4 - 0.

*Time Period for Reconsideration Order:* Commissioner O'Brien moved to toll the 60-day time period for reconsideration to allow sufficient time to write an order on the merits of the Commission's decisions.

The motion passed 4 - 0.

## TELECOMMUNICATIONS AGENDA

### **P-430/AR-07-948**

#### **In the Matter of a Petition by Embarq Minnesota, Inc., to Extend its Alternative Form of Regulation (AFOR) Plan**

Commissioner Reha moved to find that the extension to the alternative form of regulation (AFOR) plan is permitted by law.

The motion failed 1-3; Commissioners O'Brien, Boyd, and Wergin voting no.

Commissioner Wergin moved to find that the extension to the AFOR plan is not permitted by law and to reject the filing.

The motion passed 3-1; Commissioner Reha voted no.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: January 18, 2012**

A handwritten signature in black ink, reading "Burl W. Haar". The signature is written in a cursive style with a large initial "B".

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**Burl W. Haar, Executive Secretary**