

The Commission met on **Thursday, March 22, 2012**, with Commissioners Reha, Boyd, and O'Brien, present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E-002/TL-11-795

In the Matter of the Route Permit Application by Northern States Power Company for the Black Dog to Savage 115 kV Transmission Line Project in Dakota County, Minnesota

Commissioner Boyd moved that the Commission:

1. Accept the Xcel Energy route permit application for the Black Dog to Savage 115 kV transmission line project as complete;
2. Authorize EFP staff to process the application under the alternative permitting process pursuant to Minn. Rules, parts 7850.2800 to 7850.3900;
3. Authorize EFP staff to name a public advisor in this case; and
4. Determine that based on the available information an advisory task force is not necessary at this time.

The motion passed, 3-0.

ET-2, E-015/T:-11-318

In the Matter of the Application for a HVTL Route Permit for the Little Falls 115 kV Transmission Project

Commissioner Boyd moved that the Commission approve and adopt the Findings of Fact, Conclusions of Law, and Order for the GRE and Minnesota Power Little Falls 115 kV Transmission Project, which:

1. Determines that the environmental assessment and record created at the public hearing address the issues identified in the EA Scoping Decision;
2. Designates the proposed HVTL route and modifications to the Minnesota Power Little Falls Substation and CWP Little Falls Substation as the routes/sites for the construction and implementation of the Little Falls 115 kV Transmission Project and associated facilities; and

3. Issues a HVTL Route Permit, with appropriate conditions, to GRE and Minnesota Power.

The motion passed, 3-0.

E-002/M-12-72

In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy for Approval of Amendment No. 2 to the Power Purchase Agreement with Big Blue Wind

Commissioner Boyd moved that the Commission:

1. Approve the second amendment to the PPA between Xcel Energy and Big Blue wind farm, LLC;
2. Find that the Big Blue Wind project is an eligible energy technology under Minn. Stat. § 216B.1691 under the amended PPA;
3. Allow Xcel to recover costs associated with the amended PPA through the fuel clause rider under Minn. Stat. § 216B.1645;
4. Require Xcel to report in its monthly fuel clause findings and AA filings the date and duration of any curtailment event, the amount of any curtailment payment, and an explanation of the reasons for any curtailment; and
5. Require Xcel to file a monthly status report in this docket providing the Commission the status of each milestone and the monthly delay damage payments for each milestone from the period beginning January 2012 through the commercial operation date.

The motion passed, 3-0.

E-999/AAA-09-961

In the Matter of the Review of the 2008-2009 Annual Automatic Adjustment Reports for All Electric Companies

E-999/AA-10-884

In the Matter of the Review of the 2009-2010 Annual Automatic Adjustment Reports for All Electric Companies

Commissioner Boyd moved that the Commission:

1. Accept the electric utilities' 2008-2009 (fiscal-year 2009) and 2009-2010 (fiscal-year 2010) annual automatic adjustment reports as filed, and subsequently amended, as being substantially complete as to Minnesota Rules 7825.2390 through 7825.2920;

2. Accept the comments and conclusions in the Department's:

- October 21, 2011 review (pp. 83-86);
- December 30, 2011 response comments (pp. 28-29); and
- January 27, 2012 second response comments (pp. 10-11);

3. Order the following Department recommendations:

Department's October 21, 2011 comments

- A. Accept Xcel Electric's Natural Gas Financial Instruments compliance filings in Docket Nos. E-002/M-01-1953 and E-999/AA-02-951. Continue the compliance filing requirements established for Xcel in dockets 01-1953 and 02-951 and require Xcel to submit its compliance filing in its fiscal-year 2011 AAA filing. Request that the Department review Xcel's continued compliance with this requirement in the Department's review of Xcel's fiscal-year 2011 AAA report.
- B. Accept Xcel's fiscal-year 2009 and 2010 wind curtailment reports.
- C. Accept the information Minnesota Power provided regarding its amended electric service agreement (ESA) with Keewatin Taconite as being in compliance with the Commission's September 22, 2006 Order, in Docket No. E-015/M-06-861.
- D. Accept Xcel's nuclear fuel sinking fund compliance filing.
- E. Accept Otter Tail Power's compliance filing regarding Enbridge Energy's electric service agreement and Enbridge Energy's switch from purchasing incremental energy at a system marginal price to a fixed price.
- F. Require Interstate, Minnesota Power, Otter Tail, and Xcel to report in future AAA filings any offsetting revenues or compensation recovered by the utilities as a result of contracts, investments, or expenditures paid for by their ratepayers. If any offsetting revenues and/or compensation are not credited back to a utility's ratepayers through the fuel clause, the IOUs should clearly identify such revenues or compensation by source and amount and fully justify their action in the relevant AAA filings.
- G. Accept Minnesota Power's overbilling compliance report and close the following dockets: E-015/AA-08-879; E-015/AA-08-1031; and E-015/AA-08-1159.
- H. Accept the utilities' reported amounts of generation and transmission maintenance expense levels as reasonable. Request the Department to continue to monitor these expenses for patterns of spending on generation and transmission maintenance expenses, in future AAA filings, and to assess the reasonableness of rates to recover replacement power costs as a result of outages.

- I. Accept the information provided by Interstate, Minnesota Power, Otter Tail and Xcel as having complied generally with all of the AAA MISO Day 1 compliance reporting requirements. Require the utilities to continue to show benefits of MISO Day 1 in their rate cases before receiving cost recovery of MISO Schedule 10 costs.
- J. Accept Minnesota Power's, Otter Tail's and Xcel's MISO Day 2 charges and allocations for Day-Ahead and Real-Time Energy, as reported in the AAA filings as reasonable for fiscal-years 2009 and 2010.
- K. Require Interstate to explain why it does not have economic generation resources comparable to other utilities in the MISO footprint and to explain how this effects what happens when there are outages on its system.
- L. Accept Minnesota Power's virtual transaction revenues, costs and allocation as reasonable at this time.
- M. Accept Interstate's, Minnesota Power's, Otter Tail's and Xcel's revenue sufficiency guarantee and make whole payments charges as reasonable at this time.
- N. Accept Interstate's, Minnesota Power's, Otter Tail's and Xcel's assignment and allocation of revenue neutrality uplift costs and revenues as reasonable.
- O. Accept Interstate's and Otter Tail's grandfathered charges as reasonable.
- P. Accept Minnesota Power's, Otter Tail's and Xcel's wholesale margin sharing as reasonable.
- Q. Accept Minnesota Power's and Otter Tail's responses regarding generation deliverability and Module E as reasonable.
- R. Accept Interstate's, Minnesota Power's, Otter Tail's and Xcel's ancillary services market reporting.
- S. Request Otter Tail to monitor its day-ahead forecasting carefully and improve its day-ahead forecasting if necessary, to help minimize charges to retail customers as described in the Department's ASM discussion, in the Department's Review, on pages 80-81.

Department's December 30, 2011 comments

- T. Request Interstate, Minnesota Power, Otter Tail and Xcel to comment on sharing lessons learned regarding the handling of forced outages. Request the companies to discuss amongst themselves whether and what kind of information sharing would be beneficial. Require the companies to provide in supplemental filings to

their fiscal-year 2011 AAA reports, in Docket No. E-999/AA-11-792, and in future AAA reports, a simple annual identification of forced outages and a short discussion of how such outages could have been avoided or alleviated.

- U. Require Interstate to address in a supplemental filing to its fiscal-year 2011 AAA report, in Docket No. E-999/AA-11-792, the Department's concern about generation deliverability.
 - a. For all generation resources other than wind that are designated as local (rather than network) resources, IPL should explain why this is the most cost effective method for serving retail customers and IPL should show why ratepayers should be limited to being served by a resource even if the lower generation resources are available in the MISO market;
 - b. IPL should show why ratepayers should be limited in the wholesale revenues they could receive from selling such resources when not needed by retail customers and in the wholesale market;
 - c. Require Interstate to address
 - i. how it calculated that only two percent of all MISO market hours are impacted by constraints,
 - ii. what two percent means as a financial impact to Interstate ratepayers if the impacts are manifested in the form of higher energy costs, higher congestion costs, lower wholesale margins, etc., and
 - iii. what changes should be considered or made to address the Department's concerns about IPL's system, assuming fixes are cost effective to do.
- V. Reject Interstate's response to the Department's request for MISO (Module E) generation deliverability results report unforced capacity ratings (UCAP) information.
- W. Require Interstate to file the generation deliverability information requested by the Department including a comparison and reconciliation of Interstate's generation deliverability results from MISO and Interstate's most recent integrated resource plan, in Docket No. E-001/RP-08-673 (Appendix 6B in spreadsheet format) and explain differences for each generation resource, as a supplement to Interstate's fiscal-year 2011 AAA report, in Docket No. E-999/AA-11-792.

- X. Require Otter Tail to correctly report congestion and firm transmission rights costs and revenues (currently reflected in the Day-Ahead and Real-Time Energy sections of its AAA report) in the congestion and firm transmission rights sections of its report starting with a revised or supplemental filing for the fiscal-year 2011 report, in Docket No. E-999/AA-11-792.
- Y. Request Otter Tail to be prepared to provide information about the causes for revenue sufficiency guarantee settlements and to provide more detail regarding causes from a Federal Energy Regulatory Commission perspective for revenue sufficiency guarantee resettlements in future AAA filings especially when such settlements cause fluctuations in amounts (charges) reported for MISO Day 2.
- Z. Accept the information Xcel provided in attachment five of its November 30, 2011 reply comments, i.e., the MISO (Module E) generation deliverability result report information that lists the accredited values, i.e., MISO accredited UCAP values, for all of Xcel's generators.
- AA. Require Interstate, Minnesota Power, Otter Tail and Xcel to continue to provide a comparison and reconciliation of the MISO accredited value of their generators using MISO accredited UCAP values and integrated resource plan capacity ratings in future AAA filings. This comparison and reconciliation should be prepared in sufficient detail to allow the Department to understand: (a) the impacts of generation resources that are not network deliverable (i.e., not interconnected), and (b) the possible constraints of utilities' systems and the impact of those constraints.

Department's January 27, 2012 comments

- BB. Accept Xcel's adjustment for the Riverside Plant programming error.
- CC. Require Xcel to provide footnotes in future monthly FCA filings and future AAA filings to explain unusual adjustments of \$500,000 and higher.
- 3. Request all of the supplemental filings and other information requested by the Department (for its review of the fiscal-year 2011 AAA reports) to be filed in Docket No. E-999/AA-11-792 within 15 days of the Commission Order in this matter unless this information has already been provided to the Department in some other way. If the electric utilities have provided any of this supplemental information in response to Department information requests in the 2010/2011 electric AAA review, the electric utility should identify the information request where the information was provided as part of the supplemental filing.
- 4. Request the Department to continue its monitoring and review of electric automatic adjustment issues and compliance filings and all other related and relevant issues in its review of the fiscal-year 2011 electric AAA reports.

5. Find that Xcel has satisfied the Commission's directive in Docket E-002/CI-00-415 to include in its annual automatic adjustment filing a monthly comparison of generation costs allocated to retail and wholesale customers for the months of June, July and August. Require Xcel to continue to report this information in future annual automatic adjustment reports.

The motion passed, 3-0.

E-015/M-11-695

In the Matter of Minnesota Power's Petition for Approval of its Transmission Cost Recovery Rider

PULLED

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: April 4, 2012



Burl W. Haar, Executive Secretary