

The Commission met on **Thursday, December 20, 2012**, with Chair Jones Heydinger and Commissioners Boyd, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-6402/M-11-976

In the Matter of the Petition of Budget Prepay, Inc. for Designation as an Eligible Telecommunications Carrier (ETC) in Minnesota

Commissioner Boyd moved that the Commission

1. Find that Budget Prepay meets the common carriage and supported services requirements of 47 U.S.C. § 214(e)(1) and 47 C.F.R. § 54.101.
2. Find that, by virtue of the FCC's waiver, Budget Prepay is not required to meet the facilities-ownership requirement of 47 U.S.C. § 214(e)(1)(A).
3. Find that Budget Prepay meets the service-offering requirement of 47 C.F.R. § 54.202(a)(5).
4. Find that Budget Prepay meets the advertising-plan requirement of 47 C.F.R. § 54.405(b), subject to the condition that within 30 days of the Commission's Order, Budget Prepay must submit a formal advertising and outreach plan listing the local and community newspapers and commercial broadcast stations in Minnesota through which it intends to advertise the availability of Lifeline service and a proposed schedule or anticipated frequency of such advertising.
5. Find that Budget Prepay meets the emergency functionality requirement of 47 C.F.R. § 54.202(a)(2).
6. Find that Budget Prepay meets the consumer protection requirement of 47 C.F.R. § 54.202(a)(3).
7. Find that Budget Prepay meets the informational-tariff requirement, subject to the condition that within 30 days of the Commission's order, Budget Prepay must file a revised tariff or customer service agreement containing all rates, terms, conditions, service quality commitments, and other provisions that apply to its Lifeline service.
8. Find that Budget Prepay meets the financial and technical ability requirement of 47 C.F.R. § 54.202(a)(4).
9. Pursuant to 47 U.S.C. § 214(e)(2), make the following findings and set the following conditions:

- a. Find that Budget Prepay's proposed rates for its Lifeline service are in the public interest and require that, going forward, Budget Prepay shall be required to offer, in Minnesota, the highest number of free minutes of usage offered in any jurisdiction by Budget Prepay, and supplementary minutes priced at the lowest level offered in any other jurisdiction in which Budget Prepay provides wireless Lifeline service, provided that the available support is the same.
 - b. Find that Budget Prepay's proposal to provide its customers with refurbished handsets is in the public interest.
 - c. Find that Budget Prepay will meet the PSAP-certification requirement upon a showing that it has obtained certification of its handsets by the Minnesota Department of Public Safety. Absent such a showing it shall not offer service to Lifeline customers in Minnesota.
 - d. Find that the Commission need not set a date certain for review of Budget Prepay's ETC designation and that Budget Prepay's ETC designation need not be limited to one year.
 - e. Find that Budget Prepay's number-assignment commitment is in the public interest.
 - f. Find that Budget Prepay shall not offer service in Minnesota until it has developed and implemented the ability to prevent deduction of customer service call minutes from a customer's balance at the time a customer service call is placed. Budget Prepay shall file a status report with the Commission and DOC regarding its efforts within ten days of the issuance of the Order in this docket.
 - g. Require Budget Prepay to meet the following conditions:
 - i. If Budget Prepay determines that it cannot reasonably serve a consumer, it will report the unfulfilled request to DOC and the Commission within 10 days after making such a determination.
 - ii. Budget Prepay shall comply with the collection and remittance provisions of Minn. Stat. §§ 403.11 and 237.52.
 - iii. Budget Prepay shall certify, as 47 C.F.R. § 54.202(a)(1)(i) requires, that it will comply with all of the service requirements applicable to the support it receives (including 47 C.F.R. § 54.417).
10. Approve Budget Prepay's petition for ETC designation for Lifeline services subject to the terms and conditions above.

The motion passed 4-0.

ENERGY AGENDA

ET-2/CN-12-1235

In the Matter of the Application of Great River Energy for a Certificate of Need for a 115 kV Transmission Line Project in the Elko New Market and Cleary Lake Areas in Scott and Rice Counties

Commissioner Wergin moved that the Commission grant a variance to Minn. R. 7849.0200, subp. 6, to extend the 30-day timeline for Commission consideration of the requested exemptions for an unspecified but reasonable amount of time.

The motion passed 4-0.

E-015/CN-12-1163

In the Matter of the Request of Minnesota Power for a Certificate of Need for the Great Northern Transmission Line

Commissioner Boyd moved that the Commission grant a variance from Minn. R. 7849.0200, subp. 6, to extend the variance for Commission consideration of the requested exemptions for an unspecified but reasonable amount of time.

The motion passed 4-0.

E-002/CN-08-509

In the Matter of the Application of Northern States Power d/b/a Xcel Energy for a Certificate of Need for an Extended Power Uprate at the Prairie Island Nuclear Generating Plant

Commissioner Wergin moved to determine that cause had not been shown that the certificate of need issued in this docket should not be terminated prospectively.

The motion passed 4-0.

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

Commissioner Boyd moved to clarify the decision made at the December 6, 2012 agenda meeting by striking decision alternative A2.

The motion passed 4-0.

E-017/M-12-1079

In the Matter of the Annual Petition of Otter Tail Power Company to Update the Composite Rate in Its WAPA Bill Crediting Program Rider and Extension of Accounting Variance.

Commissioner O'Brien moved that the Commission take the following actions:

1. Approve Otter Tail's composite rate as identified in its November 14, 2012 Updated Attachment A and its November 28, 2012 supplemental tariff filing of Attachment 1, Exhibit A, effective January 1, 2013; and
2. Grant Otter Tail's request for a variance from Minnesota Rules in order to allow the Company to exclude the WAPA power allocation from the cost of energy.

The motion passed 4-0.

G-002/M-12-316

In the Matter of the Petition of Northern States Power Company for Approval of a Natural Gas Conservation Improvement Program Adjustment Factor

Commissioner O'Brien moved that the Commission take the following actions:

1. Approve Xcel's proposed revised 2011 gas DSM financial incentive of \$2,833,206 and allow Xcel to include it in the Company's gas CIP tracker account no sooner than the issue date of the Commission's Order in the present docket;
2. Approve Xcel's 2011 gas CIP tracker account, as provided in the Company's Petition and summarized in Table 1 of the Department of Commerce's December 6, 2012 revised comments, including \$27,349 of gas employee-related CIP expenses and negative \$215,734 of carrying charges for 2011;
3. Allow Xcel to implement its proposed revised gas CIP Adjustment Factor of \$0.018706 per therm beginning in the first billing cycle in the next full month after Commission approval, conditional on the Company submitting, within 10 days of the issue date of the Order in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter;
4. Approve Xcel's proposed bill message with the modifications that the January 1, 2013 effective date and gas CIP Adjustment Factor listed in the bill message be updated in the compliance filing to reflect the Commission's determinations of the effective date and approved rate; and

5. Continue to require Xcel to account for, on a monthly basis, any CIP costs that are not recovered from flexible rate customers due to rate discounting, and to provide this information in the Company's annual CIP tracker account and DSM financial incentive filings.

The motion passed 4-0.

E-002/M-12-1062

In the Matter of the Petition of Northern States Power Company for Approval of the 2012 Renewable Development Fund Annual Report, Tracker Account True-Up, and 2013 Rate Rider Factor

Commissioner Boyd moved that the Commission grant Xcel's proposed change to the RDF rate rider factor from \$0.000479 per kWh in 2012 to \$0.000402 per kWh in 2013, and require the Company to

1. Identify at the time of its future initial RDF filings any actual numbers that have changed from a previous report, with a complete justification as required by the Commission's February 17, 2012 Order in Docket No. E002/M-11-1007;
2. Enter any source data in its RDF tracker model only once as an input data, to alleviate the recurrence of discrepancies and inconsistencies in the RDF tracker account provided in the Company's RDF petitions;
3. Provide in its future filings an updated version of Table A as required by Point 8.A of the March 17, 2011 Order in Docket No. E002/M-10-1054; and
4. Publish on a publicly available website (RDF website) a final report for the Biomass Demonstration Plant at Central Minnesota Ethanol Cooperative (EP44), including an executive summary, non-technical in nature, and addressing at least the following questions as required by the Commission's October 5, 2006 Order in Docket No. E002/M-00-1583:
 - What was the project intended to do?
 - What did the project discover?
 - How is this discovery useful to the public or private sector?
 - What are the lessons learned from the project?

The motion passed 4-0.

G-007,011/GR-10-977

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota

Commissioner Boyd moved to take the actions set forth below:

1. Clarify that annual payouts of less than \$1,262,723 in allowable non-executive employee incentive compensation, plus annual payouts of less than \$45,398 in allowable executive incentive compensation, must be added to the tracker for refund.
2. Approve MERC's proposed tariff sheets as filed on September 21, 2012 and amended by the revised tariff sheets filed on October 9, 2012, October 15, 2012, and November 9, 2012, but defer consideration of the proposed conservation cost recovery charge (CCRC) and conservation cost recovery adjustment (CCRA) language on the following tariff sheets: tariff sheets 5.21 (paragraphs 9 and 10) and 5.25 (paragraphs 8 and 9), in this docket; and tariff sheet 7.02, in Docket No. E,G-999/CI-11-1149.24.
3. Require MERC to supplement the revenue decoupling notice to customers with a "revenue decoupling frequently asked questions and answers" posted to MERC's website. Direct MERC to develop this information in consultation with the Commission's staff and the Consumer Affairs Office and to keep this information up to date during the revenue decoupling pilot program.
4. Require MERC to notify the Commission in this docket when it files its Conservation Improvement Plan (CIP) program modification filing in CIP Triennial Docket No. G007,G-011/CIP-12-548.
5. Approve MERC's proposed conservation cost recovery charge (CCRC) of \$0.01513 per therm, which is to be implemented at the time of final rates.
6. Accept MERC's crediting of its NMU CIP tracker with a revenue amount to be calculated by the Company, in consultation with the Department, representing uncollected amounts from July 2006, through February 2011, plus the additional revenue amount from March 2011 to the date final rates become effective in this docket.
7. Accept that although MERC and the Department agree that [although] MERC did not collect CCRC revenues from the three customers, MERC did correctly credit its CIP tracker account for CCRC amounts attributable to one of these customers.
8. Not accept, approve or otherwise recognize the validity of MERC's proposed CIP tracker account balances or calculations (estimated or otherwise for any time period) or MERC's proposed CCRA calculations (to the extent there are any in the compliance filing).

9. Authorize MERC to implement new, final rates on customer bills effective January 1, 2013 for services rendered on and after January 1, 2013.
10. Approve MERC's interim rate refund plan as proposed.
11. Require MERC to submit, within 10 days of the completion of the refund, a compliance filing that shows MERC-NMU's actual refund and interest paid by rate area and class, including all supporting calculations.
12. Defer any decision regarding MERC's proposed base cost of gas to Docket No. G-007,011/MR-12-1028.
13. Approve MERC's request to implement the consolidation of its PGA systems in July 2013 on a bills-rendered basis.
14. Approve the revised customer notices attached to this order that include the January 1, 2013 effective date for final rates and the additional sentence about the effective date of PGA rate area consolidation.
15. Require MERC, in future general rate cases, to prepare and submit its filings (i.e., testimony) so that these filings reflect the financial adjustments to the Company's positions in pre-filed direct testimony.

The motion passed 4-0.

G-007,011/MR-12-1028

In the Matter of a Compliance Filing by MERC to Establish a New Base Cost of Gas to Coincide with the Implementation of Final Rates in Docket No. G-007,011/GR-10-977 and Establish New Base Cost of Gas Rates for the July 1, 2013 Reconfiguration of its PGA Rate Areas

Commissioner Wergin moved to take the actions set forth below:

1. Approve MERC's new base costs of gas for its two operating divisions to coincide with the implementation of final rates, on January 1, 2013, in Docket No. G-007,011/GR-10-977.
2. Approve MERC's base cost of gas rates for its two consolidated PGA systems beginning with bills rendered on July 1, 2013.
3. Require MERC to provide a compliance filing with all applicable tariff rate schedules and supporting calculations that reflect the new base cost of gas rates for the two divisions (four PGA areas) to be effective with the implementation of final rates, within ten days of this order.

4. Require MERC to provide a second compliance filing with all applicable tariff rate schedules and supporting calculations that reflect the new base cost of gas rates for the two consolidated PGA systems for the two divisions that will become effective beginning with bills rendered on July 1, 2013. This second compliance filing should be no later than June 1, 2013.

The motion passed 4-0.

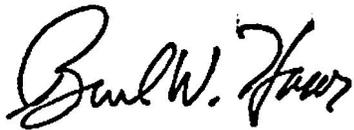
E-002/M-12-50

In the Matter of Xcel's Petition for approval of 2012 Transmission Cost Recovery (TCR), Project Eligibility, TCR Rate Factors, and 2011 True-up

PULLED

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 9, 2013



Burl W. Haar, Executive Secretary