

The Commission met on **Thursday December 19, 2013**, with Chair Jones Heydinger and Commissioners Boyd, Lange, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

### **ENERGY AGENDA**

#### **E-002/TL-12-1151**

#### **In the Matter of the Application of Xcel Energy and Great River Energy for a Route Permit for the Kohlman Lake to Goose Lake 115 kV Transmission Line Upgrade Project in Ramsey County**

Commissioner O'Brien moved to take the following actions:

1. Approve and adopt the ALJ Findings of Fact, Conclusions of Law and Recommendation for Xcel Energy's Kohlman Lake to Goose Lake 115 kV Transmission Line Upgrade Project in Ramsey County, Minnesota.
2. Determine that the environmental assessment and the record created at the public hearing address the issues identified in the environmental assessment scoping decision.
3. Issue a high-voltage transmission line route permit identifying a specific route and permit conditions to Xcel Energy for the Kohlman Lake to Goose Lake 115 kV Transmission Line Project in Ramsey County, as attached to staff's original briefing papers and amended by the supplemental briefing papers.

The motion passed 5-0.

#### **IP-6646/WS-13-216**

#### **In the Matter of the Application of Stoneray Power Partners, LLC for a Large Wind Energy Conversion System Site Permit for the 105 MW Stoneray Wind Project in Pipestone and Murray Counties**

Commissioner Wergin moved that the Commission issue a draft site permit on the Stoneray Project, as modified and proposed by Commission and EERA staff, with edits incorporated.

The motion passed 5-0.

**E-015/CN-12-1163**

**In the Matter of the Application of Minnesota Power for a Certificate of Need for the Great Northern High Voltage Transmission Line Project from the Manitoba, Canada-Minnesota Border to the Blackberry Substation near Grand Rapids**

Commissioner Lange moved to take the following actions:

1. Accept the application as complete;
2. Refer the matter to the Office of Administrative Hearings for a contested case proceeding; and
3. Delegate administrative authority to the Executive Secretary and include the following additional items in the appropriate order(s) issued in this matter:
  - A. Provide the name, telephone number, and email address of the staff person designated as Public Advisor to facilitate citizen participation in the process.
  - B. Request that the Department continue to study the issues and indicate during the hearing process its position on the reasonableness of granting a certificate of need.
  - C. Require Minnesota Power to facilitate in every reasonable way the continued examination of the issues by the Department and Commission staff.
  - D. Require Minnesota Power to place a copy of the application (printed or compact disc) for review in at least one government center or public library in each county where the proposed transmission line project is located.
  - E. Direct Commission staff to work with the Administrative Law Judge and the staff of the Department in selecting a suitable location for the public hearings on the application.
  - F. Direct the applicant to provide notice to the public in the area between the Blackberry and Arrowhead Substations who would no longer be affected by the line.
  - G. Direct the public advisor to e-file the public comments received during the completeness comment period to the corresponding route permit docket once the application is open for comment.

The motion passed 5-0.

**E-015/GP-13-978**

**In the Matter of the Application of Minnesota Power for a Gas Pipeline Routing Permit for the Laskin Energy Center Natural Gas Pipeline Project**

Commissioner Wergin moved to take the following actions:

1. Accept Minnesota Power's application for a natural gas pipeline routing permit and partial exemption from pipeline route selection procedures for the proposed natural gas pipeline.
2. Approve the Department's proposed estimated budget of \$30,000.

The motion passed 5-0.

**E-015/TL-12-1123**

**In the Matter of the Application of Minnesota Power for a Route Permit for the 39 Line 115 kV Transmission Line Project in St. Louis County**

Commissioner Boyd moved to take the following actions:

1. Approve and adopt the ALJ Findings of Fact, Conclusions of Law, and Recommendation for Minnesota Power's 39 Line HVTL Project in St. Louis County.
2. Determine that the environmental assessment and the record created at the public hearing address the issues identified in the environmental assessment scoping decision.
3. Issue a high-voltage transmission line route permit to Minnesota Power identifying a specific route and permit conditions for the 39 Line 115 kV Transmission Line Project as attached to staff's original briefing papers and amended by the supplemental briefing papers.

The motion passed 5-0.

**G-004/D-12-565**

**In the Matter of a Request by Great Plains Natural Gas Company for Approval of Its 2012 Five-Year Depreciation Study**

**G-004/D-13-448**

**In the Matter of a Request by Great Plains Natural Gas Company for Approval of Its 2013 Annual Depreciation Study**

Commissioner Lange moved to take the following actions:

1. Regarding Docket No. G-004/D-12-565,

- A. Approve the depreciation parameters and rates as proposed in the initial filing (the 2012 Depreciation Study) of Great Plains Natural Gas Company, a division of MDU Resources Group, Inc. (Great Plains), and
  - B. Require Great Plains to submit an informational filing in its next depreciation filing, stating the reserve balances in Accounts 305, 311, and 320 after disposal of all property in those accounts is complete.
2. Regarding Docket No. G-004/D-13-448, approve the depreciation parameters and depreciation rates proposed in Great Plains' 2013 Depreciation Study, with the following exceptions:
    - A. For Account 367.00, approve a remaining life of 12.10 years and a depreciation rate of 0.15 percent;
    - B. For Account 390.00-.01, approve a remaining life of 36.7 years and a depreciation rate of 1.87 percent;
    - C. For Account 391.10, approve an average service life of 16 years and an amortization rate of 6.25 percent;
    - D. For Account 394.10, approve an average service life of 20 years and an amortization rate of 5.00 percent; and
    - E. For Account 397, approve an average service life of 18 years and an amortization rate of 5.56 percent.
  3. Require Great Plains to file its next depreciation study by June 1, 2014.
  4. Require Great Plains to file a five-year depreciation study by June 1, 2017.
  5. Approve Great Plains' requested depreciation parameters and rates, as modified, with an effective date of January 1, 2013. The modified depreciation parameters and rates in Docket No. G-004/D-13-448 will supersede the rates approved in Docket No. G-004/D-12-565.

The motion passed 5-0.

**E-002/PA-13-484**

**In the Matter of Xcel Energy's Petition for Approval of Transfer and Exchange of Transmission Assets with Great River Energy**

Commissioner Wergin moved to take the following actions:

1. Determine that Xcel has met the requirements for a variance and grant the Company's request.

2. Determine that the transfer is consistent with the public interest and approve Xcel's Petition for Approval of Transfer and Exchange of Transmission Assets with Great River Energy.
3. Require the Company to submit final journal entries.

The motion passed 5-0.

**E-002/M-12-50**

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

Commissioner Wergin moved to take the following actions:

1. Determine that the following transmission projects are eligible for recovery in the TCR rider beginning in 2012: CapX2020 Brookings; Pleasant Valley–Byron; and Glencoe–Waconia.
2. Determine that Buffalo Ridge Restoration Project is eligible under Minn. Stat. § 216B.1645 for recovery in the TCR rider.
3. Affirm that projects being recovered in the TCR rider are subject to a cost cap and determine that the cost cap for the Bemidji project is \$74 million.
4. Determine that the capitalized internal costs of approximately \$1.5 million will not be allowed to be recovered in the TCR rider.
5. Determine that the tracker true-up should only include costs for projects approved for recovery in the preceding year. Disallow recovery of the 2011 tracker true-up revenue requirements for the Buffalo Ridge Restoration Project and base rate adjustment, the Pleasant Valley–Byron project, and the Glencoe–Waconia project because their inclusion results in retroactive ratemaking.
6. Allow the unrecovered portion of the 2012 revenue requirement for the Chisago/Apple River Project, CapX2020 Bemidji Project, Pleasant Valley–Byron Project, and Buffalo Ridge Restoration Project to remain in the rider for recovery.
7. Approve the Company's proposed Customer Notice.
8. Require that Xcel make a compliance filing due 10 days after the Order that updates the 2011 and 2012 tracker accounts, the rider factors, tariff sheets, and any other appropriate schedule to reflect the decisions made in this docket.

The motion passed 5-0.

**E-002/M-00-1583**

**In the Matter of the Request of Northern States Power Company d/b/a Xcel Energy for Approval of a Renewable Development Oversight Process**

Commissioner Heydinger moved to take the following actions:

1. Find that Xcel has not demonstrated that the costs of the Cycle 1 AnAerobics project were prudently incurred;
2. Require Xcel to return the \$1.1 million paid to AnAerobics by crediting the RDF tracker account for this amount for use in future RDF funding cycles;
3. Find that any proceeds from the sale of the AnAerobics generation equipment may be retained by Xcel;
4. Approve Xcel's proposal to sell the generation equipment from the Cycle 1 AnAerobics project and to keep the proceeds; and
5. Require Xcel, within 15 days of the date of the Commission's Order in this matter, to file a refund compliance plan.

The motion passed 3-2. Commissioners Lange and O'Brien voted against the motion.

**E-999/CI-00-1636**

**In the Matter of the Investigation into Environmental and Socioeconomic Costs Under Minn. Stat. § 216B.2422, subd. 3**

Commissioner Lange moved to take the following actions:

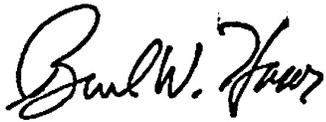
1. Grant the motion to reopen the Commission's investigation into environmental and socioeconomic costs under Minn. Stat. § 216B.2422, subd. 3.
2. Refer the matter to the Office of Administrative Hearings (OAH) for a contested case to determine an appropriate range of externality values for PM<sub>2.5</sub>, SO<sub>2</sub>, NO<sub>x</sub>, and CO<sub>2</sub>.
3. Defer the referral to OAH and request that Department and the Pollution Control Agency convene a stakeholder group to address the scope of the investigation; whether to retain an expert under Minn. Stat. § 216B.62, subd. 8; and the possible role of an expert, should one be retained.
4. Request that, four months from the date of the Commission's order, the Department and the Pollution Control Agency report the stakeholder group's conclusions to the Commission.

5. Determine not to reopen at this time the Commission's previous decision regarding the geographical scope of application of externality values for CO<sub>2</sub>.

The motion passed 4-1. Commissioner Wergin voted against the motion.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: March 5, 2014**

A handwritten signature in black ink that reads "Burl W. Haar". The signature is written in a cursive style with a horizontal line underneath it.

**Burl W. Haar, Executive Secretary**