

The Commission met on Thursday, November 8, 2012, with Chair Heydinger, and Commissioners Reha, Boyd, O'Brien and Wergin present.

The following matters came before the Commission:

TELECOMMUNICATIONS AGENDA

P-6863/M-11-314

In the Matter of the Petition of Virgin Mobile USA, L.P. for Designation as an Eligible Telecommunications Carrier (ETC) in Minnesota

Commissioner Wergin moved that the Commission:

1. Find that Virgin Mobile has met the requirement to demonstrate that it will provide voice telephony services.
2. Find that Virgin Mobile has met the facilities ownership requirement.
3. Find that Virgin Mobile has met the service offering requirement.
4. Find that Virgin Mobile meets the advertising requirement subject to the condition that within 30 days of the date of this Order, Virgin Mobile files 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 Virgin Mobile has met the requirement to demonstrate emergency functionality.
6. Find that Virgin Mobile has met the requirement to make a commitment to consumer protection.
7. Find that Virgin Mobile meets the requirement to file an informational tariff, subject to the following: within 30 days of the date of this Order, Virgin Mobile shall 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. The tariff or customer service agreement shall include a detailed description of its service offering, any additional services that may be added to it, and the areas in Minnesota where it is offered. Virgin Mobile shall attach a copy of the CTIA standards, to which it will adhere and a copy of the Minnesota Rules, by which it has agreed to be bound, to its tariff for the purpose of public disclosure. Additionally, Virgin Mobile shall notify the Commission and the Department in writing immediately upon any change to the Lifeline offering terms, conditions, or rates, or if it seeks to withdraw its Lifeline offering or any portion thereof. Virgin Mobile shall file a revised tariff or customer agreement page to reflect such changes.

8. Find that Virgin Mobile has met the requirement to demonstrate its financial and technical capability.
9. Find that Virgin Mobile's proposed rates for its Lifeline service are in the public interest and require that Virgin Mobile offer to Minnesota customers the highest number of free minutes of usage it offers in any jurisdiction and supplementary minutes priced at the lowest level it offers in any jurisdiction.
10. Find that Virgin Mobile meets the public service answering point 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.
11. Find that the Commission need not set a date certain for review of Virgin Mobile's ETC designation.
12. Require Virgin Mobile to report, if it determines that it cannot reasonably serve a customer, the unfulfilled request to the Department and the Commission within 10 days after making such a determination.
13. Require Virgin Mobile to comply with the collection and remittance provisions of Minn. Stat. §§ 403.11 and 237.52.
14. Require Virgin Mobile to assign to its Lifeline customers telephone numbers that are assigned to the free calling area for the local telephone exchange where the customer resides.
15. Approve Virgin Mobile's petition for ETC designation for Lifeline services subject to the terms and conditions addressed in each of the decisions above.

The motion passed 5-0.

P-6862/M-11-132

In the Matter of the Petition of Telrite Corporation for Designation as an Eligible Telecommunications Carrier (ETC) in Minnesota

Commissioner Wergin moved that the Commission:

1. Find that Telrite has satisfied the conditions of its initial ETC designation and require Telrite to update its tariff, its website, its marketing materials, and its agent training materials to reflect that the 68-minute plan is no longer available and that both the 125-minute plan and the 250-minute plan include texting at the rate of three texts per minute.

2. Require Telrite to update its informational tariff to reflect the initial certification, annual verification, and annual reporting requirements of the FCC's rules.
3. Find that Telrite has met the requirement to demonstrate its financial and technical capability.
4. Find that Telrite has met the facilities-ownership requirement and require Telrite to file a copy of the FCC's decision on Telrite's forbearance petition within 30 days of the decision.
5. Require Telrite to provide customers with access to usable phones. Frequent static or other interference on the line, lack of clarity, dropped calls, inability to place a call, or receive a call under normal circumstances are not acceptable. If the buttons on phones are too small to use, for example, Telrite shall provide customers an opportunity to try a different make or model. Telrite shall make hearing-aid compatible handsets available to Lifeline-qualified customers, at no charge.
6. Require that Telrite make clear and available to consumers who do not have web access, its policies regarding repair, maintenance, replacement of handsets, batteries, and chargers and options to purchase handsets. And require Telrite to provide detailed information in writing, at the time of enrollment, of repair and replacement policies for phones and accessories (batteries, chargers) and purchase options.
7. Require Telrite to offer instruction manuals to consumers and make them available upon request. It is not unreasonable to require that instruction manuals be provided to customers at the point of sale. If Telrite finds such a requirement burdensome, require that Telrite make clear to customers, at the time of enrollment, the process for obtaining a manual.
8. Require Telrite to provide its customers access to customer service without lengthy hold-times and without use of air-time minutes. A five- to six-minute hold-time is reasonable. A 45-minute hold-time is not.
9. Require Telrite to provide consumers with access to information, via telephone as well as website, on all Minnesota distribution events, locations, and times.
10. To the extent any outstanding issues with 911/E911 certification are identified by the Department of Public Safety (DPS), require Telrite to work cooperatively with DPS and the Department to resolve the issues.
11. Approve Telrite's petition for ETC designation for Lifeline services subject to the terms and conditions addressed in each of the decisions above.

The motion passed 5-0.

ENERGY AGENDA

IP-6830/CN-09-1110

In the Matter of the Application of Paynesville Wind, LLC for a Certificate of Need for a 95 MW Large Wind Project in Stearns County

Commissioner Boyd moved that the Commission grant a variance to Minnesota Rules, part 7849.0400, subp. 2H to extend the period for Commission consideration of the change of circumstances petition for an unspecified but reasonable period of time.

The motion passed, 5-0.

E-106,015/SA-12-755

In the Matter of the Joint Request of Lake Country Power and Minnesota Power for Approval of a Service Territory Agreement

Commissioner Reha moved that the Commission:

1. Approve the requested service territory transfer such that LCP will provide retail electric service to areas designated Lake Country Power and Minnesota Power will provide retail electric service to areas designated Minnesota Power.
2. The utilities shall update Commission maps to reflect the service area designations as shown on the maps in the Agreement.

The motion passed, 5-0.

E999/CI-12-957

In the Matter of Establishing Digital Service Area Maps Showing the Boundaries of the Assigned Service Area of Each Electric Utility in Minnesota.

Commissioner Boyd moved that the Commission:

1. Not declare the EUSA digital map the official map required under Minn. Stat. § 216B.39 at this time, but allow for additional time to continue the informal process of submitting corrections and confirmations to EUSA boundaries.
2. Continue the current informal process to confirm and correct EUSA boundaries.

Continue to direct utilities to submit corrections and agreed-upon confirmations until May 1, 2013, without requiring Commission approval of individual submissions.

As soon as practicable after May 1, 2013, take further action to declare the EUSA digital map the official map required under Minn. Stat. § 216B.39 without prejudice to any utility.

The motion passed 5-0.

E015/M-11-409

In the Matter of Minnesota Power’s Petition for Approval of a Pilot Rider for Customer Affordability of Residential Electricity.

Commissioner Wergin moved that the Commission:

1. Authorize Minnesota Power to increase the CARE program rate discounts as follows by January 1, 2013:

CARE Rider Rates	Current	Proposed - New
Customer Charge (per month)	\$7.00	\$7.00
Energy Charges (per kWh)		
0 - 300 kWh	\$0.03884	\$0.03300
301 - 500 kWh	\$0.04795	\$0.04400
501 - 750 kWh	\$0.05730	\$0.05500
751 - 1,000 kWh	\$0.05924	\$0.05600
Over 1,000 kWh	\$0.06000	\$0.06000

CARE program energy rates will decrease by an additional \$0.000176 per kWh on January 1, 2013, to reflect a previously scheduled rate change.

2. Authorize Minnesota Power to eliminate the requirement that customers complete and submit a Your Home Energy Report questionnaire before enrolling in the CARE program. Authorize Minnesota Power to encourage customers to complete and submit the Your Home Energy Report questionnaire within twelve months of enrolling in the CARE program.
3. Authorize Minnesota Power to discontinue the requirement that CARE program participants with good payment histories who are not in arrears enroll in budget billing.

Authorize Minnesota Power to continue to require budget billing for CARE program participants that enroll in the program and have overdue, unpaid bills.
4. Authorize Minnesota Power to modify the CARE program application form as requested. Authorize Minnesota Power to make minor modifications to the CARE application form in the future without Commission approval but after consultation with CAO.
5. Require Minnesota Power to actively encourage high-usage CARE program customers to participate in its conservation programs and to report program participation in its triennial CIP filing on April 1, 2013, and in its second annual CARE Rider review filing.

6. Require Minnesota Power to submit a compliance filing that includes the revised tariff sheets that reflect the Commission’s decision in this docket within ten (10) days of the Commission issuing its order.
7. Require Minnesota Power to provide a report on what it has learned from its “listening” session with community agencies in December 2012 in its first annual CARE Rider review filing.

The motion passed 5-0.

Commissioner Wergin moved that the Commission authorize Minnesota Power to continue using the customer count method and maintain the monthly CARE affordability surcharge rate of \$0.65 per customer.

The motion failed 2-3. Commissioners Jones Heydinger, O’Brien, and Reha voted against the motion.

Commissioner Jones Heydinger moved that the Commission require Minnesota Power to use the customer count ratio method to assign responsibility for CARE program funding, design the CARE affordability surcharge rates in proportion to class customer charge revenue, and fix the monthly CARE affordability surcharges as follows:

Residential (all except LIHEAP-qualified)	\$0.51
General Service	\$0.67
Large Light & Power	\$10.81
Large Power	\$1,130.72
Municipal Pumping	\$0.67

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

E,G-999/CI-08-133

In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. 216B.241, Subd. 2c

Commissioner Reha moved that the Commission:

1. Continue the new shared savings DSM financial incentive mechanism with modifications.
2. Adopt a calibration level of \$0.07 per kWh at 1.5% of sales for the electric utilities and a calibration level of \$9.00 per Mcf at 1.5% of sales for gas utilities.

3. Continue the existing cap of 125% of a utility's 1.5% calibration level for the electric utilities (\$0.0875 per kWh) and a cap of 125% of the 1.0% target calibration for gas utilities (\$6.875) per Mcf.
4. The incentive shall be capped at 20% of net benefits for all utilities except for MP.
5. Adopt the Department's proposal for the continuation of the new shared savings financial incentive with the following provisions:
 - A. A threshold set at half of the utility's average achievements from 2007 to 2011 for utilities with triennial CIPs beginning in 2013, removing both the maximum and minimum achievements, or at 0.4 percent of retail sales, whichever is lowest. For utilities with triennial Conservation Improvement Programs beginning in 2014, the threshold shall be set at half of the utility's average achievements from 2008 to 2012, removing both the maximum and minimum achievements, or at 0.4 percent of retail sales, whichever is lowest.
 - B. The calibration at 1.5% of retail sales for each utility set as follows: (1) \$9.00 per Mcf for natural gas utilities, and (2) \$0.07 per kWh for electric utilities.
 - C. A utility may not modify its incentive to correct for non-linear benefits.
 - D. The percentage of net benefits to be awarded to each utility at different energy savings levels will be set at the beginning of each year.
 - E. The CIP-Exempt Class shall not be allocated costs for the new shared savings incentive. Sales to the CIP-Exempt Class shall not be included in the calculation of utility energy savings goals.
 - F. If a utility elects not to include a third-party CIP project, the utility cannot change its election until the beginning of subsequent years.
 - G. If a utility elects to include a third-party project, the project's net benefits and savings will be included in calculation of the percentage of net benefits awarded at specific energy savings levels (calculated before the CIP year begins) and in the post CIP year calculations of net benefits and energy savings achieved and incentive awarded. In any case, the energy savings will count toward the 1.5% savings goal.
 - H. The energy savings, costs, and benefits of modifications to non-third-party projects will be included in the calculation of a utility's DSM incentive, but will not change the percent of net benefits awarded at different energy savings levels.

- I. The costs of any mandated, non-third-party projects (e.g., Next Generation Energy Act assessment, University of Minnesota Institute for Renewable Energy and the Environment costs) shall be excluded from the calculation of net benefits awarded at specific energy savings levels (calculated before the CIP year begins) and in the post-CIP year calculations of net benefits and energy savings achieved and incentive awarded.
- J. Costs, energy savings, and energy production from Electric Utility Infrastructure Projects (EUIC), solar installation and biomethane purchases shall not be included in energy savings for DSM financial incentive purposes.
- K. The incentive shall be capped at 20% of net benefits for all utilities except for MP. The Commission shall defer a decision on the application of the 20% cap of net benefits for MP until 2013 to allow for the consideration of updated avoided cost information for this utility.
- L. Require the Department to file a recommendation with the Commission on the application of a net benefits cap for MP's incentive by October 1, 2013. The recommendation should be filed in Docket No. E,G-999/CI-08-133.
- M. Make no adjustment at this time to the calibration of the incentive mechanism for utilities that have Commission-approved decoupling mechanisms.
- N. The new shared savings DSM incentive shall be in operation for the length of each utility's triennial CIP plan.
- O. All utilities except OTP and MP are required to make a compliance filing on or before February 1, 2013, integrating the Commission's decision into their individual incentive proposal. OTP and MP will make their compliance filings on or before February 1, 2014. Thereafter, utilities are required to file yearly incentive proposals on or before February 1 of each year.
- P. Require the Department to make an evaluative filing reviewing, proposing changes to, and/or recommending continuation/discontinuation of the new shared savings incentive mechanism by July 1, 2015.

The motion passed, 5-0.

E-002/M-11-939

In the Matter of Northern States Power Company d/b/a Xcel Energy Regarding Petition for Approval of the 2012-2014 Triennial Nuclear Plant Decommissioning Accrual

E-002/M-11-807

In the Matter of a Petition by Xcel Energy for Approval of a Credit Mechanism for a Department of Energy Settlement Payment with Deferred Accounting

Commissioner Boyd moved that the Commission:

1. Approve a 3.63 percent rate for the remaining operational period through the radiological decommissioning period and 2.63 rate percent after that period.
2. Approve the following earnings rates for a 60 year decommissioning period:

<u>Nuclear unit</u>	<u>Operations</u>	<u>Decommissioning</u>
Monticello	5.35%	4.82%
Prairie Island Unit 1	5.50%	4.66%
Prairie Island Unit 2	5.53%	4.57%

3. Approve an annual accrual of \$14,189,132 based on a 60 year decommissioning period.
4. Modify the refund requirement set in the December 16, 2011 Order in Docket E-002/M-11-807 and require Xcel to place the DOE settlement payments for year-end 2012 and 2013 immediately into the decommissioning fund when received.
5. Require Xcel to discuss the year-end 2014 DOE settlement payment in the 2014 decommissioning study, and to preserve the funds for consideration in the 2014 filing.
6. Immediately after receipt, require Xcel to place the 2014 payment into an external holding account to be held until the Commission determines that the payment should be refunded or deposited into the escrow account. Per its agreement with the Department, require Xcel to track the Department of Energy payments into the decommissioning escrow account against the future decommissioning expenses ultimately assessed by the Commission.
7. Do not require Xcel to set aside a portion of the DOE settlement funds as determined by the Commission to analyze the long-term impact of spent fuel storage on the Host Communities. End-of-Life Nuclear Fuel.
8. Approve end-of-life fuel accrual of \$2,022,113 for Monticello and Prairie Island combined.
9. Approve Xcel's proposed rebalancing of the escrow funds in amounts consistent with the approved decommissioning period.

10. Require Xcel to use the market value of the funds for forecasting the future value of the funds.
11. Direct Xcel to address the issue of recovery of spent fuel management costs in its next decommissioning study (considering whether to establish a separate fund for spent fuel management costs or removing these costs from the decommissioning cost calculations on a going-forward basis).
12. Require Xcel to file the next triennial nuclear decommissioning filing on or before October 1, 2014.
13. Accept Xcel's property tax assumptions for purposes of calculating the 2011 decommissioning accrual.
14. Approve Xcel's assessment regarding the risk of premature decommissioning and require the Company to provide another assessment in the next triennial decommissioning filing, including a fiscal analysis of fuel generation alternatives other than buying coal on the open market, such as wind/gas and combined cycle conversion.
15. Require Xcel to provide in its next decommissioning study a discussion on its actual return on decommissioning investments for 2012 to 2014 and explain how these returns compared to the appropriate benchmark or indices.
16. Require Xcel to continue to provide balance sheet accounts for SFAS 143 related to nuclear decommissioning in its next triennial decommissioning filing, with a brief narrative explaining the numbers provided on the ARO balance sheet for nuclear decommissioning.
17. Require Xcel to address in its 2014 decommissioning cost study the United States Government Accountability Office (GAO) Report dated April 5, 2012 and entitled, "NRC's Oversight of Nuclear Power Reactors' Decommissioning Fund Could be Further Strengthened."
18. Require Xcel to use a consultant (rather than Xcel) to prepare the Schedule C escalation analysis section and provide a statement indicating that the consultant is doing this calculation in an independent manner.
19. Require Xcel to include an analysis of property taxes paid to the Host Communities in its next decommissioning filing. This should include a clarification of the tax status of the casks.
20. Require Xcel to work with the host communities and the PIIC to address the Minnesota statutes requirement to evaluate the cost, if any, arising from storage of used nuclear fuel that may be incurred by the state of Minnesota, and any tribal community, county, city, or township where used nuclear fuel is located following the cessation of operations at a nuclear plant. The Company shall file status reports on the progress of the meetings on October 1, 2013 and April 1, 2014.

21. Require Xcel to provide in its next triennial nuclear decommissioning filing an analysis of the costs of switching out the dry cask storage units at 50 years. The Company shall also include in its next decommissioning filing a cost analysis for other waste costs tied to the decommissioning process, including all classes of nuclear waste and identifying fuel and non-fuel costs as well as spent and non-spent costs.

The motion passed, 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: December 27, 2012



Burl W. Haar, Executive Secretary