

The Commission met on **Wednesday, February 20, 2013**, with Chair Jones Heydinger, and Commissioners Boyd, Reha, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E298, E135/SA-12-1294

Joint Request of the City of Redwood Falls and Redwood Electric Cooperative for Approval of a Service Territory Agreement

Commissioner Reha moved to take the following actions:

1. Approve the requested service territory transfer of the "Titan Area" and the "Schmidt Area" to the City from the Cooperative.

The motion passed 5 – 0.

E017/M-12-514

In the Matter Otter Tail Power Company's (OTP) Request for Determination that Transmission Investments are Eligible for Recovery through the Company's Transmission Cost Recovery Rider

Commissioner Wergin moved that the Commission:

1. Determine that costs associated with the following projects are eligible for rate recovery through Otter Tail Power's Transmission Cost Recovery Rider, subject to the Commission's review of requested cost recovery for reasonableness and prudence:
 - a. The Ramsey 230/115 kV Transformer Upgrade (Project Number 1)
 - b. The Sheyenne – Audubon 230 kV Line Upgrade (Project Number 2)
 - c. The Brookings, South Dakota – Hampton, MN 345 kV Line (Project Number 3).
2. Include a statement in its order to the following effect:

“Approval of these three projects as eligible for cost recovery under Otter Tail Power's Transmission Cost Recovery Rider does not guarantee the recovery of any specific level of costs when these projects are presented for recovery in a future Transmission Cost Recovery Rider Filing. Otter Tail Power still has the burden of proof to show that the requested level of cost recovery is reasonable and prudent.”

The motion passed 5 – 0.

E002/M-12-726

In the Matter of NSP's Petition to Approve the Amendment to Biomass Power Purchase Agreement with St Paul Cogeneration, LLC

Commissioner O'Brien moved to take the following actions:

1. Approve the proposed amendment with the following added language:
Regardless of all the other provisions in the PPA, in any year of the contract, NSP may not purchase more than the amount of production necessary to achieve the cumulative annual average of 153,300 MWh calculated using the cumulative total production method as defined in Section 7.1.5.7, parts (i) and (ii) unless NSP can show that the cost of such purchases is no greater than NSP's average cost of energy at the time of purchase (excluding purchases from St. Paul Cogeneration).
2. Accept the Company's proposal to refund \$1,253,845 to ratepayers.
3. Within 30 days of the date of this order, the Company shall file a refund plan.

The motion passed 5 – 0.

E-002/M-10-1278

In the Matter of a Petition by Xcel Energy for Approval of Revisions to the Solar*Rewards Program

Commissioner Boyd moved to take the following actions:

1. Approve Xcel's proposed revisions to the Solar*Rewards customer contract in tariff sheets nos. 9-15, 9-24, and 9-31;
2. Approve Xcel's revised language provided in reply comments for Tariff Sheet No. 9-16, Section 4(i), to address the issue of shade and orientation eligibility;
3. Adopt the Department's recommendation to deny Xcel's request to revise Tariff Sheet 9-21, Section 5(p), Part 1, and approve the proposed revision to Tariff Sheet 9-21, Section 5(p), Part 2.
4. Find that Xcel will not be held responsible for the replacement of foregone RECs or refund to ratepayers of Solar*Rewards or Minnesota Bonus incentive payments, in cases where a Solar*Rewards customer breaches contract by failing to repair or replace a system that becomes incapable of generating energy and associated RECs within the contract period.
5. Accept the withdrawal by the Department of its request to require Xcel to revise the Solar*Rewards contract tariff (Tariff Sheets 9-13 to 9-32) to clarify that qualifying PV installations must be under 40 kW of AC, rather than DC, output capacity.

6. Direct Xcel to meet with stakeholders, including the Department and commenters in this docket as well as other interested stakeholders, to consider the issue of the use of AC versus DC output capacity as the determinant for project size and incentive determination as raised by parties in this docket. Xcel should report back to the Commission on this issue in writing by September 1, 2013,
7. To the extent legislation is passed or decisions are made in other Commission dockets that relate to the issues raised in this docket on the use of AC versus DC in Solar*Rewards tariff language, require Xcel to report back to the Commission on these changes.
8. Approve Xcel's proposal in reply comments for a plan and process to review previously submitted applications based on the applicant's current status.
9. Require Xcel, within 10 days of the issue date of the Order in this matter, to submit a compliance filing to the Commission that reflects all decisions made by the Commission.
10. Require Xcel to reopen the program for applications as soon as reasonably possible and to notify the Commission of the date.
11. Require Xcel to track and report, to the extent practicable, on the number of PV systems that are not producing energy or RECs and are not repaired or replaced to original specifications within 6 months of the non-performance start date. This information should be included with other program reporting data in the Company's annual Solar*Rewards compliance report.
12. Require Xcel to notify pending applicants within 10 days of the date of today's meeting that they will need to resubmit information and documentation to be considered for the program. As part of this notification, Xcel should indicate that it will provide assistance in the reapplication process, including a Company contact name and phone number.

The motion passed 5-0.

E-002/RP-10-825

In the Matter of Xcel Energy's 2011-2025 Integrated Resource Plan

Commissioner Wergin moved to do the following:

1. Approve Xcel Energy's 2011-2025 resource plan for planning purposes only. This finding of approval does not extend to particular generation projects that will be subject to review under future proceedings, but is a general finding that the plans filed by Xcel appear to be sufficient for planning purposes.

2. Based on the modeling in the record to date, Xcel will likely need to add up to 500 MW of capacity prior to 2020, and a combination of peaking and intermediate resources should be considered in the competitive resource acquisition process to meet that need.
3. At this time based on the integrated resource plan, set Xcel Energy's resource need at 150 MW in 2017, increasing to 500 MW in 2019.

Commissioner Reha proposed amending paragraph 3 as follows:

3. At this time based on the integrated resource plan, set Xcel Energy's resource need ~~at~~ up to 150 MW in 2017, increasing up to 500 MW in 2019.

Commissioner Wergin declined the amendment, but modified paragraph 3 as follows:

3. At this time based on the integrated resource plan, set Xcel Energy's resource need at 150 MW in 2017, increasing up to 500 MW in 2019.

Commissioner Wergin further moved to do the following:

4. Provide participants in the competitive resource acquisition process the flexibility to offer peaking or intermediate resources or a combination of the two, as well as the flexibility to address all or a portion of the identified need.
5. Allow proposals in the competitive resource acquisition process from existing generators.

Chair Heydinger proposed amending the motion to include the following:

6. Require Xcel to report in its next resource plan on the expected amount of solar energy on its system, barriers it sees to further solar deployment, and how solar development could contribute to peak demand management, economic development in Minnesota, and meeting Minnesota's renewable energy and environmental mandates and goals.

Commissioner Wergin accepted the amendment.

Commissioner Reha proposed amending the motion to require Xcel to begin immediately and complete within 9 months a thorough demand response potential evaluation that can be relied on in forecasting future need.

Commissioner Wergin declined the proposal, but moved to do the following:

7. Require Xcel to include in its next resource plan a thorough demand response potential evaluation that can be relied on in forecasting future need.

Commissioner O'Brien proposed amending the motion to omit the word "thorough" from paragraph 7.

Commissioner Wergin accepted the amendment.

The motion passed 5 – 0.

E-002/CN-12-1240

In the Matter of the Petition of Northern States Power Company to Initiate a Competitive Resource Acquisition Process

Commissioner O'Brien moved to take the following actions:

1. The Administrative Law Judge (ALJ) shall have the right to request the assistance of an independent evaluator.
2. Recommend that the ALJ require that "All confidential and proprietary information shall be presented to the Department, the Commission, the Office of Administrative Hearings, the Office of the Attorney General, and any independent evaluators used during the process. Either upon agreement of parties to a non-disclosure agreement or upon Motion to the ALJ, the ALJ may allow disclosure to another party.
3. Require all parties to be held to the cost information provided in their bids.
4. Take no action on explicitly requesting that the Office of Administrative Hearings resolve the issue of whether the projected need is justified, consistent with the Certificate of Need statute.
5. Extend the deadline for submitting competitive bids to April 15, 2013.

The motion passed 5 – 0.

Commissioner O'Brien offered remarks honoring Commissioner Reha.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: April 10, 2013



Burl W. Haar, Executive Secretary