

The Commission met on **Thursday, November 10, 2011**, with Chair Anderson and Commissioners Boyd, O'Brien, Reha, and Wergin present.

The following matters came before the Commission:

TELECOMMUNICATIONS AGENDA

P-66656/M-10-264

In the Matter of a Petition of Nexus Communications, Inc. dba Nexus-TSI for Designation as an Eligible Telecommunications Carrier (ETC) in Minnesota for the Limited Purpose of Offering Lifeline and Link Up to Qualified Households

This item was withdrawn from the Commission's agenda.

ENERGY AGENDA

IP-6701/CN-09-1186

In the Matter of the Application of AWA Goodhue Wind, LLC for a Certificate of Need for a 78 MW Goodhue Wind Project and Associated Facilities in Goodhue County

IP-6701/WS-08-1233

In the Matter of the Application of AWA Goodhue Wind, LLC for a Site Permit for a 78 MW Goodhue Wind Project and Associated Facilities in Goodhue County

Commissioner O'Brien moved to deny reconsideration.

The motion passed 4 – 1; Commissioner Wergin voted no.

E-002/TL-09-1315

In the Matter of the Application for a Route Permit for the Pleasant Valley to Byron 161 kV Transmission Line Project in Dodge, Olmsted and Mower Counties

Commissioner Reha moved to approve the permittees' request and adopt a Permit Amendment widening the route width and altering the transmission alignment at spans 41-43 to shift the alignment approximately 250 feet to the east.

The motion passed 5 – 0.

IP687/WS-11-863

In the Matter of the Site Permit Application of Community Wind South, LLC for a 30.75 MW Large Wind Energy Conversion System in Nobles County

Commissioner Boyd moved to do the following:

1. Accept the application of Community Wind South, LLC, for a 30.75 megawatt (MW) Large Wind Energy Conversion System in Nobles County as complete, with the condition that the applicant provide additional information for the Community Wind South, LLC Wind Farm project as requested by the Commission and the Energy Facility Permitting (EFP) staff of the Minnesota Department of Commerce.
2. Authorize the EFP staff to name a public advisor for this project.
3. Grant a variance to Minnesota Rules, part 7854.0800, to extend for an unspecified, but reasonable, period the time for the Commission to make a preliminary determination on whether a draft permit may be issued or should be denied.
4. Based on the information in the record to date, find that a certificate of need is not required.

The motion passed 5 – 0.

IP-6866/WS-11-831

In the Matter of the Application for a Large Wind Energy Conversion System Site Permit for the 40 MW Getty Wind Project in Stearns County

Commissioner Wergin moved to do the following:

1. Accept the application as complete, with the condition that Getty Wind Company, LLC, will provide additional information as requested by the Commission and the EFP staff for the Getty Wind Project.
2. Authorize the EFP staff to name a public advisor for this project.
3. Grant a variance to Minnesota Rules, part 7854.0800, to extend for an unspecified, but reasonable, period the time for the Commission to make a preliminary determination on whether a permit may be issued or should be denied.

The motion passed 5 – 0.

ET-6675/MC-11-954

In the Matter of the Application by ITC Midwest, LLC for a Minor Alteration to the Freeborn to Hayward 161 kV Transmission Line in Freeborn County, Minnesota

Commissioner Boyd moved to authorize the requested minor alteration for the Freeborn to Hayward 161 kV transmission line rebuild with the following conditions:

1. *Complaint Procedure.* Prior to the start of construction, ITC Midwest, LLC (ITC), shall submit to the Commission the procedure that will be used to receive and respond to

complaints. The procedure shall be in accordance with the requirements set forth in the attached complaint procedure.

2. *Notification to Landowners.* ITC shall provide all affected landowners with a copy of the Commission's order authorizing the minor alteration. Upon contacting landowners to begin construction, ITC shall provide all affected landowners with a copy of the complaint procedure
3. *Notification to Commission.*
 - A. At least ten days before the rebuilt line is to be placed into service, ITC shall notify the Commission of the date on which the line will be placed into service and the date on which construction was complete.
 - B. Within 60 days after completion of construction, ITC shall submit to the Commission geo-spatial information for all above-ground structures associated with the project.

The motion passed 5 – 0.

E-002/CN-11-332

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for a Certificate of Need for the Upgrade of the Southwest Twin Cities Bluff Creek – Westgate Area 69 kV Transmission Line to 115 kV Capacity

Commissioner Wergin moved to grant the exemption request of Northern States Power Company d/b/a Xcel (Xcel).

The motion passed 5 – 0.

E,G-002/M-11-175

In the Matter of Northern States Power Company's, d/b/a Xcel Energy, Petition for Approval of Modification to SEP Tariff Rates, 2011 Project Eligibility, 2012 SEP Adjustment Factors and 2010 Compliance Filing

Commissioner Boyd moved to do the following:

1. Approve Xcel's proposed 2011-2012 State Energy Policy (SEP) Rider Adjustment Factors, 2010 Annual SEP Compliance filing, Customer Notice, and tariff updates.
2. Direct Xcel to provide the following information in its next SEP Rider filing:
 - A. A comparison by month for the past twelve months for which actual data is available of the actual electric and natural gas costs to the budgeted costs.

B. A discussion of reasons for deviations from budgeted amounts (both higher and lower).

C. Specific to the cast iron replacement project:

- 1) The cost per mile of the replacement, by subcategories, including the following subcategories and any others that Xcel believes would be helpful:
 - Areas where Xcel was able to coordinate with other construction work being done (cost per mile and total miles).
 - Areas where Xcel was not able to coordinate with other construction work being done (cost per mile and total miles).
 - Areas where Xcel converted from low-pressure to high-pressure pipe (cost per mile and total miles).
 - Areas where Xcel did not convert from low-pressure to high-pressure pipe (cost per mile and total miles).
 - Savings Xcel was able to achieve due to not needing to install regulators or other equipment due to high-pressure pipe, along with supporting documentation for these avoided costs.
 - 2) Industry standards of costs per mile of installed pipe, preferably for the relevant subcategory (e.g., Handy-Whitman Index or other indices).
 - 3) Areas where costs were higher than budgeted, the reasons for the higher costs, and any lessons learned about such circumstances.
 - 4) Areas where costs were lower than budgeted, the reasons for the cost savings, and any lessons learned about such circumstances.
3. Authorize Xcel to begin collecting the new SEP factors over the seven remaining months through June 30, 2012, on electric and natural gas bills effective December 1, 2011, conditioned upon Xcel submitting a compliance filing by November 20, 2011, which includes a calculation of revised SEP factors to reflect this implementation date, schedules supporting the calculation, and revised tariff pages.

The motion passed 5 – 0.

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 O'Brien moved to do the following:

1. Find that the settlement between Northern States Power Company d/b/a Xcel Energy (Xcel) and the United States Department of Energy is in the public interest.
2. Find that Xcel's proposed method for allocating funds to its Minnesota jurisdiction, and to the Minnesota retail jurisdiction, is reasonable.
3. Direct Xcel to provide all Department of Energy settlement payments subject to the docket in the form of a one-time bill credit based on the customers' most recent twelve months of usage. Direct Xcel to provide a compliance filing within 30 days of the refund showing the amount of the settlement payment and interest actually refunded.
4. Order Xcel to set aside \$2 million of its initial DOE settlement payment and add that \$2 million to its POWER ON program within 30 days of the Commission's order in this docket and prior to issuing credits to current customers. Within 30 days of providing the funding to POWER ON, Xcel shall make a compliance filing in this docket indicating that it has done so and the current funding available in the POWER ON fund.
5. Direct Xcel to begin implementation of the initial one-time bill credit arising from its August 1, 2011 DOE settlement payment within 60 days of the Commission's order in this docket.
6. Find that Xcel's use of an interest-bearing sweep account is reasonable. Direct Xcel to refund all interest accruing in the account to ratepayers at the time they receive the bill credit.
7. Grant deferred accounting for all DOE payments provided to Xcel under this settlement.
8. Direct Xcel to provide, within 30 days of receipt from the DOE, the same documentation of the future payments as the Company provided for the initial payment in this docket. Once the Minnesota Department of Commerce (the Department) sends a letter to the Commission confirming that the documentation is in order, Xcel shall begin implementation of the refund of the subsequent amounts of the DOE payments to customers within 60 days of the Department's letter.
9. Approve the customer notice filed by Xcel in its reply comments in this docket.

The motion passed 5 – 0.

Commissioner O'Brien moved to allow Xcel to reduce its initial bill credit to customers by the incremental amount of litigation expenses (\$565,287).

The motion failed 2 – 3; Commissioners Boyd, Reha, and Wergin voted no.

Commissioner Reha moved to allow Xcel to reduce its initial bill credit to customers by the amount of litigation expenses listed in Xcel's initial petition (\$1,908,090).

The motion passed 5 – 0.

E-002/M-11-713

In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy for Approval of a Power Purchase Agreement with Prairie Rose Wind, LLC

Commissioner Boyd moved to do the following:

1. Approve the proposed power purchase agreement (PPA).
2. Find that the Prairie Rose Wind Project is an eligible energy technology under Minn. Stat. § 216B.1691.
3. Allow Xcel to recover costs associated with this PPA through the fuel clause rider under Minn. Stat. § 216B.1645.
4. Require Xcel to report in its monthly fuel clause filings and annual automatic adjustment (AAA) filings the date and duration of any curtailment event, the amount of any curtailment payment to Prairie Rose Wind, and an explanation of the reasons for any curtailment.
5. In the event Xcel exercises any of its rights under the Option Agreement – granting Xcel the discretion to purchase the Prairie Rose Project’s transmission line, and to purchase an additional 100 MW from Prairie Rose Wind -- require Xcel to file with the Commission and the Department a description of any impacts to the PPA (the filing should reference this docket number and make the filing in this docket or subsequent docket established to review ratepayer impacts of the Option Agreement).

The motion passed 5 – 0.

Finally, the Commission heard a discussion regarding forecasts of natural gas supply and the practice of hedging risks related to acquiring natural gas.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 18, 2012



Burl W. Haar, Executive Secretary