

The Commission met on **Thursday, July 11, 2013**, with Chair Heydinger and Commissioners Boyd, Lange, O'Brien and Wergin present.

The following matters were taken up by the Commission:

## **ENERGY FACILITIES PLANNING AGENDA**

### **IP-6646/CN-13-193**

#### **In the Matter of the Application of Stoneray Power Partners, LLC for a Certificate of Need for a 105 MW Wind Project in Pipestone and Murray Counties**

Commissioner Wergin moved that the Commission:

1. Accept the application as substantially complete as supplemented on June 21, 2013.
2. Direct use of the informal review process to develop the record.
3. Delegate scheduling authority to the Executive Secretary.
4. Adopt the following items:
  - ask the Department to examine the application and other materials submitted in the case and to include in the hearing process its position on the reasonableness of granting a certificate of need to the Applicant;
  - direct the Applicant to facilitate in every reasonable way the continued examination of the issues by the Department and Commission staff;
  - ask the Applicant to place a compact disc or hard copy of the application for review in a government center and or public library in the vicinity of the project;
  - direct Commission staff to work with the Administrative Law Judge and the Department staff in selecting a suitable time and location for a public hearing on the application; and
  - direct the applicant to work with agency staff to arrange for publication of the notice of the hearing in newspapers of general circulation at least ten days prior to the hearing; direct that such notice be in the form of visible display ads; and direct that proof of publication of such ads be electronically filed with the commission.

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 Site Permit for a 105 MW Wind Project in Pipestone and Murray Counties**

Commissioner Wergin moved that the Commission:

1. Accept the application as complete upon the filing of additional information, including:
  - a. further information on the project decommissioning plan and costs;
  - b. a statement that a draft avian and bat protection plan will be filed by Stoneray by the end of the public meeting comment period and prior to the Commission's decision on a draft site permit;
  - c. clarification of the turbine layout maps; and
  - d. the filing of Map 9 using a topographical background.
2. Require that the public hearing held on the site permit application be combined with the public hearing held on the certificate of need application.
3. Refer the matter to the Office of Administrative Hearings for development of the record.
4. Vary Minn. R. 7854.0800 to extend the Commission's time period for making a preliminary determination on whether a site permit should be issued.
5. Appoint Tracy Smetana as the public advisor for this project.

The motion passed 5-0.

**ENERGY AGENDA**

**E-999/CI-13-486**

**In the Matter of the Interpretation and Transmission Study for the Future Renewable Energy Standard Required by Minnesota Laws 2013, Chapter 85, Article 12, Section 4**

Commissioner Heydinger moved to take the following actions:

1. Order all electric utilities as defined in Minn. Stat § 216B.1691, subd. 1(b), and all transmission companies as defined in Minn. Stat. § 216B.02, to conduct an engineering study as described in Minnesota Law 2013, Chapter 85, Article 12, Section 4;
2. As part of their participation, direct the covered utilities to complete the study work:
  - Under the direction of the commissioner of the Department of Commerce;
  - In coordination with a technical review committee;
  - Incorporating previous analyses; and
  - In collaboration with MISO.

3. As part of the report, direct the covered utilities to develop a report that complies with Minnesota Laws 2013, Chapter 85, Article 12, Section 4(d);

The motion passed, 5-0.

**E-002/M-13-438**

**In the Matter of Northern States Power Company d/b/a Xcel Energy Request for a Variance to the Billing Error Rules**

Commissioner Boyd moved to approve Xcel’s request for a variance to Minn. Rules, part 7820.3800 and a one-time modification to its Billing Error Tariff requirements.

The motion passed, 5-0.

**PL-6580/M-13-266**

**In the Matter of a Request by Greater Minnesota Transmission, LLC for Approval by the Minnesota Public Utilities Commission of Firm Transportation Agreements between GMT and Northern States Power Company, a Minnesota Corporation, d/b/a Xcel Energy**

Commissioner Boyd moved to approve the Agreements subject to the following conditions:

- regulated ratepayers bear no risk of higher costs in the event of future financial problems of GMT or in the event of future contract disputes between GMT and Xcel Energy regarding the terms of the two proposed Agreements; and
- future financial difficulties of GMT could constitute the basis for the Commission to declare a “natural gas supply emergency” under subdivision 7 of Minn. Stat. § 216B.045 so as to allow the Commission to avoid shutoff and to ensure that GMT’s pipeline continues to be operated for the benefit of retail natural gas customers.

The motion passed, 5-0.

**E,G-999/CI-09-970**

**In the Matter of Updating Language to Comply with Minnesota Statute and Rule Changes – Municipal Franchise Fees**

Commissioner Boyd moved the following:

1. The 60-day notice period should be waived in instances where a city does not provide proper notice of a repealed or reduced franchise fee;
2. To the extent a utility is unable to repeal or reduce a franchise fee as of a city’s effective date, customers should receive appropriate refunds;

3. Require all Utilities to file the following language in its tariff within 30 days of this Order; The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise fee ordinance, or other operative document authorizing imposition of, or change in, the fee.
4. The Company must give notice to the Commission within 10 days from receiving notice from a city of a repeal or reduction of a franchise fee that will take effect in less than 60 days. The Company shall implement the franchise fee repeal or reduction on the effective date or as soon thereafter as logistically possible, but no more than 60 days from receipt of the notice. The notice filed with the Commission should include:
  - A copy of the ordinance that was repealed or reduced the fee, and its effective date
  - Customer bill notification language, including the date the repeal or reduction will be implemented
  - If applicable, a discussion of the actual or estimated over-collection amount and the utility's plans for the funds
  - The revised tariff page repealing or reducing the franchise fee

The motion passed, 5-0.

**E,G-002/M-12-383**

**In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs Originally Established in Docket No. E,G-002/CI-02-2034;**

**E,G-002/CI-02-2034**

**In the Matter of an Investigation and Audit of Northern States Power Company's Service Quality Reporting**

Commissioner Wergin moved to approve Xcel's proposed amendments to the following sections of its Service Quality Tariff:

- Subsection A. Definitions;
- Subsection B. Under Performance Payments;
- Subsection C. Under Performance Payment Disbursement;
- Subsection D. Reporting Requirements;
- Subsection E.1. Customer Complaints;
- Subsection E.2. Telephone Response Time;
- Subsection E.3. SAIDI;

- Subsection E.4. SAIFI;
- Subsection E.5. Natural Gas Emergency Response;
- Subsection E.7. Accurate Invoices; and
- Subsection E.8. Invoice Adjustment Timeliness.

The motion passed 5-0.

Commissioner Wergin moved to approve the Suburban Rate Authority's proposed amendments to Subsection E.6 of Xcel's Service Quality Tariff regarding customer outage credits for consecutive-year outages.

The motion passed 5-0.

Commissioner O'Brien moved to take the following actions:

1. Approve the Suburban Rate Authority's proposed amendments to Subsection E.6 of Xcel's Service Quality Tariff regarding municipal-pumping-customer outage credits for single-year outages;
2. Require Xcel to credit \$200 to municipal pumping customers for each unexcused outage since April 1, 2010, that was not previously credited; and
3. Amend Subsection D of Xcel's Service Quality Tariff to require the company to include data on municipal pumping outages in its annual service quality reports. Xcel shall work with the Department and Commission staff to ensure that the information it includes will assist the Commission's decision making.

The motion passed 5-0.

**E999/AA-11-792**

**In the Matter of the Review of the 2010-2011 Annual Automatic Adjustment Reports for All Electric Utilities**

Commissioner O'Brien moved to take the following actions:

1. Accept the electric utilities' 2010 – 2011 (fiscal year 2011) annual automatic adjustment reports as filed, and subsequently amended, as being substantially complete under Minnesota Rules 7825.2390 through 7825.2920.
2. Request that the Department continue its monitoring and review of electric automatic adjustment issues and compliance filings and all other related and relevant issues in its review of the fiscal-year 2012 electric AAA reports.
3. Accept the uncontested comments, conclusions and recommendations in the Department's June 1, 2012 Report, its July 11, 2012 Supplemental Comments, its September 26, 2012 Response to Reply Comments, and its December 12, 2012 Response to Additional Reply Comments, as follows:

- a. Approve Xcel's compliance filing on the high-level cost allocation test between retail and wholesale customers for June, July, and August 2011. Require Xcel to continue to report this generation cost allocation in future AAA filings.
- b. Accept Xcel's Natural Gas Financial Instruments fiscal year 2011 compliance filing. Requests that the Department review Xcel Electric's continued compliance with this requirement in the fiscal year 2012 AAA report.
- c. Accept Xcel's fiscal year 2011 wind curtailment report.
- d. Find that Xcel complied with the April 30, 2010 Order in Docket No. E002/M-10-161, requiring Xcel to report on any curtailment from WM Renewable Energy, including the reasons for any curtailments and amounts paid, in its monthly fuel clause adjustment filings.
- e. Finds that Minnesota Power is in compliance with the Commission's March 11, 2011 Order in Docket No. E015/M-10-961, regarding the PPA with Manitoba Hydro.
- f. Accept Xcel's compliance filing summarizing the history of nuclear fuel interim storage and disposal expenses included in the determination of electric automatic adjustment charges. Request that the Department continue to monitor Xcel's Nuclear Fuel Sinking Fund in future AAA filings.
- g. Accept Otter Tail Power's Enbridge Energy compliance filing in this docket.
- h. Find that Xcel complied with the January 29, 2009 Order in Docket No. E002/M-08-1098, requiring Xcel to report in future AAA filings any revenue from any source as a result of the Renewable Energy Purchase Agreement with Koda Energy, and to itemize any such revenue by source and amount.
- i. Find that Xcel complied with the August 26, 2010 Order in Docket No. E002/M-10-486, requiring Xcel to offset its recovery of costs by any revenues Xcel receives from any and all sources as a result of Xcel's purchase power agreement with Diamond K Dairy, and to report and itemize any such revenues by source and amount in its annual automatic adjustment reports.
- j. Find that the electric utilities complied with the April 6, 2012 Order in Docket No. E999/AA-10-884 (Ordering Point 8), requiring the electric utilities to report in future AAA filings any offsetting revenues or compensation recovered by the utilities as a result of contracts, investments, or expenditures paid for by their ratepayers.
- k. Accept the electric utilities' plant outages contingency plans.
- l. Find that the electric utilities are in compliance with the April 6, 2012 Order in Docket Nos. E999/AA-09-961 and E999/AA-10-888 (Ordering Point 22) regarding sharing lessons learned about forced outages.
- m. Find that the Companies' responses have complied generally with all of the AAA MISO Day 1 compliance reporting requirements. Require the electric utilities to provide in the initial filing of all future electric AAA reports the Minnesota jurisdictional Schedule 10 costs together with the allocation factor used and support for why the allocator is reasonable. Additionally, the electric utilities shall provide information to support increases in MISO Schedule 10 costs of five

- percent or higher over the prior year's costs, including an explanation of benefits received by customers for these added costs.
- n. Find that Xcel's, Minnesota Power's, Otter Tail Power's, and Interstate Power and Light's allocation and recovery of costs related to MISO Day 2 energy market, Module E, and ASM to be reasonable for the fiscal year 2011 period.
  - o. Beginning with the fiscal year 2012 AAA filing, to assist the Department with its plans to do more detailed review of congested paths, including related costs and revenues in the fiscal year 2012 AAA, require the electric utilities to:
    - i. Provide hourly data on Day-Ahead Locational Marginal Price (LMP) basis, including energy, line losses, and congestion charges for each generation node, each load node, and Minnesota Hub for the current AAA period. The Department requests that utilities send this data to the DOC in Access file format and include a separate reference guide defining all column headers.
    - ii. Perform the following analysis based on the above requested data:
      - 1. Identify hours in which congestion costs are incurred between a generation node and load node (path);
      - 2. Sum the qualifying congestion costs by path (multiplying MW times difference in Marginal congestion costs Mcc for each path); and
      - 3. Identify the ten paths with the highest amount of congestion costs for current AAA period.
    - iii. Include the ten paths identified above and the total of their congestion costs. For each path, also answer the following questions:
    - iv. What is the Company's Financial Transmission Rights (FTRs) hedging positions and Auction Revenue Rights (ARRs) for these ten paths?
    - v. Identify all FTR revenues, ARR revenues, congestion expenses, and the resulting net congestion cost or revenue for these ten paths.
    - vi. Based on the Company responses to a, b, and c.i. and c.ii., what cost-effective improvements could be considered to reduce the congestion amounts for the identified paths?
  - p. Find that the electric utilities' transmission maintenance expense levels are reasonable at this time. Request that the Department continue to monitor these patterns of spending on transmission maintenance expense in future AAA filings to assess the reasonableness of rates that include replacement power costs as a result of outages.
  - q. Require that in future AAA filings Xcel, Minnesota Power, Otter Tail Power, and Interstate Power and Light shall provide the information needed for the Department's Table 8 in its Report (Actual Transmission Maintenance Expense Compared to Amounts Built into Rates).

- r. Require in future AAA filings starting with the filings for fiscal year 2012 that Xcel, Minnesota Power, Otter Tail Power, and Interstate Power and Light shall include the following for Annual Transformer Reporting:
  - i. use Xcel's reporting format for the table found in Part H, Sections 1 – 8, page 3 of 6, but with the incorporation of all transformers on a utility's system, and with status of each transformer identified as one of these four categories: in-service standalone, in-service duplicate, on-order, or storage.
  - ii. provide information regarding policy on backup strategies for transformers like MP did in their Attachment 13.
  - iii. provide their policy for transformer maintenance.

The motion passed 5 – 0.

Commissioner Wergin moved to take the following action:

- 1. Require Xcel to refund to ratepayers \$76,134 through an appropriate adjustment of Xcel's first monthly fuel clause adjustment following the date of the Commission's order.

The motion passed 5 – 0.

Chair Heydinger moved to take the following actions:

- 1. Take no action on decision options 5 – 7.
- 2. Within thirty days of the refund in the relevant monthly fuel clause adjustment required above, require Xcel to make a compliance filing and clearly explain and confirm in a report how the refund was made.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: September 4, 2013**



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**Burl W. Haar, Executive Secretary**