

The Commission met on **Wednesday, April 23, 2014**, with Chair Heydinger and Commissioners Boyd, Lange, Lipschultz, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

IP-6646/CN-13-193

In the Matter of the Application of Stoneray Power Partners, LLC for a Certificate of Need for an Up-to-105-MW Large Energy Facility in Pipestone and Murray Counties

IP-6646/WS-13-216

In the Matter of the Application of Stoneray Power Partners, LLC for a Site Permit for an Up-to-105-MW Large Energy Facility in Pipestone and Murray Counties

Commissioner Wergin moved to take the following actions:

1. Find that the environmental report adequately addresses the issues identified in the environmental-report scoping decision.
2. Grant Stoneray Power Partners, LLC a certificate of need for up to 105 MW for the Stoneray Wind Project and associated facilities.
3. Adopt the ALJ's report with the exceptions outlined by the Department and issue an LWECS site permit to Stoneray Power Partners, LLC.
4. File the Commission's order in Docket WS-05-1301 to provide clarification that the WS-13-216 site permit is to replace the site permit issued to Stoneray Power Partners, LLC by the Environmental Quality Board in 2005.

The motion passed 5-0.

IP-6844/WS-10-438

In the Matter of the Application of Prairie Wind Energy, LLC for a Site Permit for the 100-MW Prairie Wind Energy Project in Otter Tail County

Commissioner Boyd moved to revoke the Prairie Wind Energy, LLC site permit.

The motion passed 5-0.

E-015/D-13-252

In the Matter of Minnesota Power's 2013 Average-Service-Life Depreciation Petition

Commissioner Lange moved to take the following actions:

1. Approve the Company's proposed average service lives, salvage rates, and depreciation rates;
2. Require the Company to make its next average-service-life depreciation filing for transmission and distribution plant no later than April 1, 2018; and
3. Require the Company to include an update on its accounting and reporting for ASC 410-20 in its next average-service-life depreciation filing for transmission and distribution assets.

The motion passed 5-0.

E-015/D-13-275

In the Matter of Minnesota Power's 2013 Remaining-Life Depreciation Petition

Commissioner Wergin moved to take the following actions:

1. Approve Minnesota Power's proposed remaining lives with an effective date of January 1, 2013.
2. Approve the salvage rates as proposed by the Department based on the 2011 decommissioning study, except that the Salvage rate for the Laskin Energy Center shall be 14.50% as proposed in Minnesota Power's 2014 remaining-life petition.
3. Acknowledge that the Company filed its five-year depreciation study on April 15, 2014.
4. Require Minnesota Power to provide the following information in future remaining-life depreciation filings:
 - a. A comparison of the remaining lives used in its depreciation filing and current resource plan and an explanation of any differences.
 - b. An analysis comparing its depreciation expense calculated using its current decommissioning probabilities to depreciation expense calculated using a 100% decommissioning probability.
 - c. A schedule of its supplemental depreciation expense recorded in 2013 as ordered by the Commission in the 2012 depreciation docket and a summary of supplemental depreciation expense to be recorded in the future.

The motion passed 5-0.

Commissioner Heydinger moved to require Minnesota Power to file by May 23, 2014, an explanation of the differences in the salvage-rate calculations in its 2009 petition, 2011 decommissioning study, and 2014 petition and include the Company's communication with any other state agencies that may have regulatory control over the disposal of the ash.

The motion passed 5-0.

E-015/S-14-145

In the Matter of Minnesota Power's (MP's) Request under Minnesota Statutes Section 216B.49 for Approval of ALLETE Inc.'s Consolidation Capital Structure and Authorization to Issue Securities

Commissioner Boyd moved to take the following actions:

1. Approve ALLETE's 2014 proposed capital structure. This approval will remain effective until the later of May 1, 2015, or the date when the Commission issues a new capital-structure order.
2. Approve ALLETE's equity ratio contingency of plus/minus 10% around its 2014 proposed equity ratio. Equity ratios outside this range may not exceed a period of 60 days without prior Commission approval.
3. Approve ALLETE's total capitalization contingency of \$349 million above its 2014 total capitalization. ALLETE may not exceed its total capitalization, including the requested contingency of \$349 million, for a period longer than 60 days without prior Commission approval.
4. Approve any issuance of securities in 2014 that would not result in an equity ratio outside the proposed range or a total capitalization exceeding its proposed cap for more than 60 days.
5. Require MP to obtain prior approval for the issuance of any securities in 2014 that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.
6. Require MP to provide, within 20 days after each non-recurring issuance of securities, the following information:
 - a. The specific purposes for individual issuances;
 - b. The type of issuances;
 - c. The timing of issuances;
 - d. The amounts of issuances;
 - e. Issuance costs (for common equity issuances, include price per share); and
 - f. Interest rates.

7. Require MP to provide, in its next capital-structure filing, an exhibit showing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar spending on the uses identified in the exhibit or to limit issuances to project-specific financing. The exhibit need not list short-term, recurring security issuances.
8. Require MP to provide, in its next annual capital-structure filing, a report of actual issuances and uses of the funds from the prior year. The report will be for information purposes only and need not cover short-term recurring security issuances.
9. Require MP to provide, in its next annual capital-structure filing, a schedule comparing its actual capital investments in the past year with the capital investments projected by MP in its previous capital-structure filing.
10. Require MP to provide in its next annual capital-structure filing the Company's investment plan not only for the next year but for at least the next five years.
11. Approve MP's request for a variance to allow it to treat any loan under its multiyear credit facility as a short-term debt and require MP to report on its use of such facilities, including
 - How often they are used;
 - The amount involved;
 - Rates and financing costs; and
 - The intended uses of the financing.
12. Require MP to keep the Commission informed of any corporate restructuring.
13. Require MP to keep the Commission informed of any rating-agency action.
14. Require MP to file its request for approval of its 2015 securities issuances no later than March 1, 2015.
15. Clarify that approval of securities issuances, and the resulting capital structure, within this proceeding is not a determination of the appropriate capital structure for ratemaking purposes.

The motion passed 5-0.

G-022/S-13-1169

In the Matter of the Petition of Greater Minnesota Gas, Inc. (GMG) for Approval of 2014 Capital Structure and Permission to Issue Securities

Commissioner Lipschultz moved to take the following actions:

1. Approve GMG's proposed 2014 capital structure;
2. Require GMG to file a new securities-issuance and capital-structure petition by January 1, 2015;
3. Approve an equity ratio contingency range of 31.59% to 38.61%;
4. Require that GMG maintain an equity ratio contingency range of at least 31.59% at all times;
5. Require GMG make monthly compliance filings on or before the 15th of each month containing a balance sheet, income statement, and cash-flow statement for the first of the prior two months, demonstrating that its equity ratio is at least 31.59%;
6. Approve a short-term debt contingency cap of 10% (i.e., GMG's short-term debt is not to exceed 10% of its total capitalization, including the contingency, for more than 60 days);
7. Approve a total capitalization contingency of \$2.9 million above the estimated 2014 year-end total capitalization of \$28.9 million, for a total capitalization of \$31.8 million; and
8. Require GMG to provide the following information within 20 days of each non-recurring issuance of securities:
 - a. The specific purposes for individual issuances;
 - b. The type of issuances;
 - c. The timing of issuances;
 - d. The amount of issuances;
 - e. Issuance costs; and
 - f. Interest rates.

The motion passed 5-0.

G-022/M-12-1279

In the Matter of Greater Minnesota Gas's (GMG's) Notice of Change in Demand Entitlements

Commissioner Wergin moved to take the following actions:

1. Accept GMG's petition and take no specific action on the analyses therein.
2. Allow the proposed recovery of associated demand costs through the monthly purchased gas adjustment effective November 1, 2012.
3. Do not open a new docket to study rural Minnesota's natural gas needs.

The motion passed 5-0.

G-022/M-13-730

In the Matter of Greater Minnesota Gas's (GMG's) Request for Approval of a Change in Contract Demand Entitlement Units Effective November 1, 2013

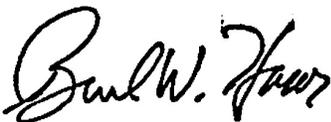
Commissioner Boyd moved to take the following actions:

1. Approve GMG's proposed level of demand entitlements as shown in GMG's reply comments;
2. Allow GMG to recover associated demand costs through the monthly purchased gas adjustment effective November 1, 2013; and
3. Require GMG to make its next demand-entitlement filing by August 1, 2014.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: June 11, 2014



Burl W. Haar, Executive Secretary