

The Commission met on **Thursday, August 22, 2013**, with Acting Chair Boyd, and Commissioners Lange and O'Brien present.

The following matters were taken up by the Commission:

### **ENERGY AGENDA**

**E,T-2/CN-12-1235**

**In the Matter of the Application of Great River Energy for a Certificate of Need for a 115 kV Transmission Line Project in the Elko, New Market, and Cleary Lake Areas in Scott and Rice Counties**

Commission O'Brien moved to take the following actions:

1. Accept the application as complete;
2. Direct that the certificate of need application be reviewed using the informal review process authorized under Minn. R., part 7829.1200;
3. Approve joint hearings and combined environmental review for the certificate of need and route proceedings;
4. Delegate administrative authority to the executive secretary and include the following additional items in the appropriate orders issued in this matter:
  - A. Designate Tracy Smetana as the staff member to facilitate citizen participation in the process;
  - B. Request that the Department continue to study issues and indicate during the hearing process its position on the reasonableness of granting a certificate of need.
  - C. Direct GRE to facilitate in every reasonable way the continued examination of the issues by the Department and Commission staff.
  - D. Require GRE to place a copy of the application (printed or compact disc) for review in at least one government center and/or public library in the vicinity of the proposed project.
  - E. Direct Commission staff to work with the administrative law judge to select a suitable location for the public hearing on the application;
  - F. Direct GRE to work with Commission staff and the administrative law judge to arrange for publication of the notice of hearings in newspapers of general circulation at least ten days prior to the hearings, that such notice be in the form of visible display ads, and that proof of publication be obtained from the newspapers selected.
  - G. Delegate the authority to establish or vary time periods to the executive secretary as provided under Minn. Rules, part 7829.3100.

5. Vary the time period of Minn. R., part 7849.0200, subp. 5, and extend the 30-day time limit for Commission decision on application completeness.

The motion passed, 3-0.

**ET-2/TL-12-1245**

**In the Matter of the Application of Great River Energy for a Route Permit for a 115 kV Transmission Line Project in the Elko, New Market, and Clearly Lake Areas in Scott and Rice Counties**

Commission O'Brien moved to take the following actions:

1. Accept the application as complete.
2. Appoint a Commission staff person as public advisor.
3. Take no action on an advisory task force at this time.
4. Grant a variance to Minnesota Rules, part 7850.3700, subp. 3, to vary the ten-day timeline and request the Department of Commerce EFP present draft route alternatives to facilitate Commission input into the commissioner of the Department of Commerce's environmental assessment scoping decision.
5. Refer the matter to the OAH for a summary proceeding requesting in the order that the OAH adapt the existing procedural framework set forth Minnesota Rules, part 7850.3800, to incorporate the following:
  - A. Request that the administrative law judge assigned to the matter emphasize the statutory time frame for the Commission to make final decisions on applications and to strongly encourage the parties and participants to adhere to a schedule that conforms to the statutory time frame.
  - B. Request that the administrative law judge ask the parties, participants, and the public to address whether the proposed project and any alternatives to the proposed project meet the selection criteria established in Minnesota Statutes, section 216E.03, subd. 7, and Minnesota Rules, part 7850.4100.
  - C. Request that prior to the public hearing, the Department of Commerce EFP submit to the administrative law judge its environmental assessment comments and analysis on the relative merits of the route alternatives, as well as its best effort to afford some ranking, whether numerical or qualitative, using the selection criteria established in Minnesota Statutes, section 216E.03, subd. 7, and Minnesota Rules, part 7850.4100; evidence of compliance with environmental review procedures; and recommended permit language or specific provisions relative to permissible routes.

- D. Request that the administrative law judge prepare a report setting forth findings, conclusions, and recommendations on the merits of the proposed project, alternatives to the proposed project, and a preferred route alternative, applying the routing criteria set forth in statute and rule; and provide comments and recommendations, if any, on the conditions and provisions of the proposed permit.
- 6. to formally contact relevant state agencies to request their participation in the development of the record and public hearings under Minnesota Statutes, section 216E.10, subd. 3, and request that state agencies submit comments prior to the last day of the public hearing.

The motion passed, 3-0.

**PL-6668/CN-13-473**

**In the Matter of the Application for a Certificate of Need for the Sandpiper Pipeline Project in Minnesota from the North Dakota Border to the Wisconsin Border**

Commissioner Lange moved to take the following actions:

- 1. Approve the notice plan proposal as modified by the revised notice plan proposal, further requiring the applicant to revise the Project Overview Map (Attachment 1A to the briefing papers) to include greater detail and delegate approval of the revised map to the Commission's Executive Secretary; and
- 2. Approve the requested variance to Minn. R., part 7829.2560, subp. 6, and authorized the applicant to implement the notice plan within 60 days of approval.

The motion passed, 3-0.

**E-017/M-13-386**

**In the Matter of the Petition of Otter Tail Power Company for Approval of a Wind Energy Power Purchase Agreement with Ashtabula Wind III, LLC**

Commissioner Lange moved to take the following actions:

- 1. Approve the power purchase agreement for wind energy from the Ashtabula III wind facility.
- 2. Approve Otter Tail Power Company's request to recover the costs of the PPA through its fuel clause adjustment.

The motion passed 3-0.

**G-001/M-11-1066**

**In the Matter of Interstate Power and Light Company's Request for Changes in Demand Entitlements**

**G-001/M-12-737**

**In the Matter of Interstate Power and Light Company's Request for Changes in Demand Entitlements**

Commissioner O'Brien moved to take the following actions:

1. With respect to Docket No. 11-1066,
  - a. Accept IPL's peak-day analysis for this year.
  - b. Accept IPL's proposed level of demand entitlement.
  - c. Allow the proposed recovery of associated demand costs through the monthly Purchase Gas Adjustment effective November 1, 2011.
  - d. Require IPL to file future annual demand entitlement filings on or about July 1 of each year with the understanding that additional information will be required through supplemental filings once final demand entitlement changes are known.
  - e. Require IPL to submit a miscellaneous petition (or compliance filing) by year end that addresses whether IPL's interruptible service tariffs should have a telemetry or other advanced meter reading requirement.
2. With respect to Docket No. 12-737,
  - a. Approve IPL's proposed level of demand entitlements as set forth in its Supplemental Comment.
  - b. Allow IPL to recover associated demand costs through the monthly Purchase Gas Adjustment effective November 1, 2012.
  - c. Require IPL, in future demand entitlement filings, to provide an attachment listing all interruptible sales customers who switched from the interruptible sales class to either transportation or firm sales service, and vice versa, and the average annual usage by each customer over the previous three calendar years.
  - d. Require IPL, in future demand entitlement filings, to provide hourly raw weather data, in Microsoft Excel format, used to create the weather variables in the Company's design-day analysis.

The motion passed 3-0.

**G-004/M-11-1075**

**In the Matter of Great Plains Natural Gas Company's Demand-Entitlement Filing**

Commissioner Boyd moved to take the following actions:

1. Accept the Company's proposed design-day method for the South District and the North District, with the understanding that the Department and the Company have agreed on a design-day methodology.
2. Accept the Company's revenue requirement analysis for the Marshall, Minnesota peaking facility, as provided in the Company's filing.
3. Approve the Company's proposal to reduce its annual demand costs by \$43,995 effective November 1, 2011, to offset the peaking plant costs recovered in base rates; until the Company's next general rate case is filed and interim rates become effective.
4. Accept the Company's proposed reserve margins for the South District and the North District.
5. Accept the Company's proposed PGA recovery of its demand-entitlement proposals for the South District and the North District.
6. Request that Great Plains file future annual demand-entitlement filings on, or about, July 1 of each year with the understanding that additional information will be required through supplemental filings once final demand-entitlement changes are known.

The motion passed 3-0.

**G-004/PA-13-367**

**In the Matter of Great Plains Natural Gas Company's Request for Approval of Its Proposal to Dismantle and Sell Its Retired Propane Peaking Plant in Marshall, Minnesota**

Commissioner Lange moved to take the following actions:

1. Approve the sale of the Marshall, Minnesota propane peaking plant.
2. Grant a variance of Minn. R. 7825.1400(J) and not require the Company to provide a balance sheet and income statement.
3. Require the Company to record the gain on the sale in the Distribution Mains Depreciation Reserves Account (40.1082.376).

The motion passed 3-0.

**G-002/M-12-519**

**In the Matter of Xcel's Petition for an Extension of Rule Variances to Minnesota Rules Parts 7825.2400, 7825.2500, and 7825.2700 to Recover the Costs of Certain Natural Gas Financial Instruments through the Purchased Gas Adjustment Clause**

Commissioner O'Brien moved to take the following actions:

1. Approve Xcel's request for an extension of its hedging program.
2. Extend the variance to Minnesota Rules 7825.2400, 7825.2500, and 7825.2700, originally granted in Docket No. G002/M-01-1336, until June 30, 2016.

3. Allow the variance to apply to the costs and benefits of prudent financial positions that Xcel enters into through June 30, 2016.
4. Allow Xcel to hedge no more than 50 percent of its annual winter requirements.
5. Limit the prudently incurred cost of *financial* hedging instruments that Xcel may recover through the PGA to \$7 million dollars per fiscal year.
6. Require Xcel to provide the actual final (settled) cost of financial instruments in required reports and to use the actual settled cost to determine the gain or loss on financial instruments.
7. Continue to require Xcel to
  - a. Separately identify, in its monthly PGA filings, the amount of anticipated financial instrument costs and/or benefits included in the calculation of the PGA rate.
  - b. Include, in its requests for approval of changes in demand entitlements submitted on approximately August 1 of each year, a list of all financial instrument arrangements entered into for the upcoming heating season, including the cost premium associated with each contract, the size of each contract, contract date, contract price, and an explanation of the anticipated benefits of these contracts to Xcel's ratepayers.
  - c. Include data on the relative benefits of price hedging contracts, specifically the average cost per Dth for natural gas purchased under financial instruments compared to the comparable monthly and daily spot index prices, in its annual AAA reports due on September 1 of each year, as well as the following:
    - i. a list of each hedging instrument entered into;
    - ii. the total volumes contracted for, for each instrument;
    - iii. the net gain or loss, including all transaction costs for each instrument in comparison to the appropriate monthly and daily spot prices; and
    - iv. a schedule of hedging costs like the one included on page 2 of Xcel's September 7, 2012 reply comments.

The motion passed 3-0.

**E,G-999/M-12-587**

**In the Matter of the Minnesota Office of the Attorney General – Antitrust and Utilities Division's Petition for a Commission Investigation Regarding Criteria and Standards for Multiyear Rate Plans under Minn. Stat. § 216B.16, subd. 19**

Commissioner Boyd moved, *sua sponte*, to reconsider the Commission's June 17, 2013 Order Establishing Terms, Conditions, and Procedures for Multiyear Rate Plans for the purpose of considering the changes proposed in the July 8, 2013 Request for Clarification filed by Northern States Power Company d/b/a Xcel Energy.

The motion passed 3 – 0.

Commissioner Boyd moved to do the following:

1. Clarify ordering paragraph 6 of the June 17 order as follows:

A utility must not file a rate case that results in implementing a general rate increase during the term of its multiyear rate plan. A utility that provides both gas and electric service and that files a multiyear rate plan for one type of service is not prohibited from filing a rate case for the other type of service during the term of the multiyear plan.

2. Clarify ordering paragraph 20 of the June 17 order as follows:

An application for a multiyear rate plan must include or be accompanied by a clear explanation of the rates that are proposed to be in effect at the end of the multiyear rate plan.

- A. If the utility cannot identify the specific dollar amounts of those rates, the utility shall clearly explain the changes in costs and revenues that it proposes to include in those rates and how it proposes to calculate those rates.
- B. Alternatively, the utility may explain that a new rate case under Minn. Stat. § 216B.16 is necessary to establish these rates. If a new rate case under Minn. Stat. § 216B.16 is necessary to establish these rates, that rate case may be filed sixty days prior to the end of the multiyear rate plan so that interim rates may go into effect at the end of the multiyear rate plan.

The motion passed 3 – 0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: October 2, 2013**



---

**Burl W. Haar, Executive Secretary**