

The Commission met on **Thursday, June 20, 2013**, with Chair Heydinger and Commissioners Boyd, Lange, O'Brien and Wergin present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-999/SA-13-381

In the Matter of State Certification and Submission of Study Area Boundary Data on Behalf of Minnesota Incumbent Local Exchange Carriers and Annual Process for Updating the Data

Commissioner Wergin moved to take the following actions:

1. Accept the digital telephone exchange boundary map as Minnesota's official telephone exchange boundary map;
2. Approve the digital exchange boundary map for submission to the FCC; and
3. Require all disputed study area boundary issues and all digital boundary map changes to come before the Commission for approval.

The motion passed 5-0.

G-007,011/M-13-207

In the Matter of the Petition Submitted by Minnesota Energy Resources Corporation Requesting Approval for an Extension of Variances to Minn. R. 7825.2400, 7825.2500, and 7825.2700 Originally Approved in Docket No. G-007,011/M-03-831 and Extended in Docket Nos, G-007,011/M-06-1358, G-007,011/M-09-262 and ddG-007,011/M-11-296

Commissioner Boyd moved to take the following actions:

1. Find that MERC's variance extension request complies with the requirements set forth in Minnesota Rules 7825.3200;
2. Extend the variance to Minnesota Rules parts 7825.2400, 7825.2500, and 7825.2700 for a two-year period ending June 30, 2015 and allow the Company to use financial instruments, under the terms of the existing variance, until an Order is issued in this docket;
3. Allow the variance to apply to all Commission-approved financial positions that MERC will enter into, for either its Northern or Consolidated PGA, during the period of the two-year variance extension ending June 30, 2015;

4. Continue to allow MERC to engage in “put” options in combination with “call” options to form a collar, but deny MERC’s use of “put” options for any other reasons without specific Commission approval;
5. Require MERC to identify separately, in the commodity portion of their monthly PGA filings for the Northern and Combined system, the amount of anticipated financial instrument costs and/or benefits included in the calculation of the PGA rate;
6. Require MERC to include, in their annual requests for approval of changes in demand entitlements, the following:
 - A. a list of all financial-instrument arrangements entered into for the upcoming heating season;
 - B. the cost premium associated with each contract;
 - C. the size (in Mcf) of each contract;
 - D. the contract date;
 - E. the contract price;
 - F. an attachment that details the projected total system sales estimates for the upcoming heating season, including all supporting data and assumptions used when calculating the sales forecast, and the total number of volumes hedged using financial instruments for the upcoming heating season; and
 - G. a detailed discussion of the anticipated benefits to ratepayers related to MERC’s financial-instrument contracts.
7. Require MERC to include data on the relative benefits of price-hedging contracts, including the average cost per dekatherm for natural gas purchased under financial instruments compared to the comparable monthly and daily spot index prices, in the companies’ yearly Automatic Annual Adjustment (AAA) reports due on September 1st of each year, together with:
 - A. a list of each hedging instrument entered into;
 - B. the total volumes contracted for in each instrument; and
 - C. the net gain or loss, including all transaction costs for each instrument in comparison to the appropriate monthly and daily spot prices.
8. Require MERC to provide, in its Annual Fuel Report filed yearly on or about September 1st, a full post-mortem analysis of its hedged volumes for the preceding heating season compared to other hedging strategies and the prevailing market prices strategy; and
9. Require MERC, in its next request for a PGA rule variance, to demonstrate that ratepayers benefit from hedging and that there is not an undue price penalty

The motion passed 5-0.

ENERGY AGENDA

E-017/S-13-378

In the Matter of the Petition of Otter Tail Power Company for Approval of its 2013 Capital Structure and Permission to Issue Securities

Commissioner Boyd moved to take the following actions:

1. Approve OTP's requested 2013 capital structure; this approval to be in effect until the 2014 capital structure Order is issued. OTP shall file its next securities issuance petition no later than May, 2014.
2. Approve OTP's equity ratio of 49.8 percent and a contingency range of plus/minus 10 percent around the approved equity ratio. Equity ratios outside this range may not exceed a period of 60 days without prior Commission approval.
3. Approve OTP's proposed total capitalization of \$794,360,000 with a contingency cap of 10 percent (or \$873,796,000). The Company may not exceed its total capitalization including the requested contingency amount for a period exceeding 60 days without prior Commission approval.
4. Approve OTP's request to issue short-term debt not to exceed 15 percent of OTP's total capitalization (i.e., \$119,154,000). OTP's short-term debt may not exceed 15 percent of its total capitalization for a period exceeding 60 days without prior Commission approval.
5. Approve any securities issuance during this period in which this Order is in place that would not result in an equity ratio outside the approved range. Securities issuances resulting in an equity ratio outside this range may not exceed a period of 60 days without prior Commission approval.
6. Require OTP 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, including price per share), and
 - F. interest rates.
7. Require OTP 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 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 OTP 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 OTP in its previous capital structure filing.
9. Require OTP 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.

The motion passed 5-0.

E-015/M-13-354

In the Matter of the Petition of Minnesota Power's Request for Approval of an Electric Service Agreement Between Minnesota Power and Enbridge Energy

Commissioner Wergin moved to find the proposed Agreement between Minnesota Power and Enbridge in the public interest and approve the proposed Agreement.

The motion passed 5-0.

E,G-001/AI-12-32

In the Matter of Interstate Power and Light's Petition for Approval of a Common Facilities Capacity Agreement with its Affiliate, Franklin County Wind, LLC

E,G-001/AI-12-187

In the Matter of Interstate Power and Light Company's Petition for Approval of a Land Lease Agreement with its Affiliate Franklin County Wind, LLC

E,G-001/AI-12-192

In the Matter of Interstate Power and Light Company's Petition for Approval of a Local Balancing Authority Agreement with its Affiliate, Franklin County Wind, LLC

E,G-001/AI-12-792

In the Matter of Interstate Power and Light Company's Transfer of Land Easements, Wind Rights, and Rights to Purchase Wind Turbines, to its Affiliate, Franklin County Wind, LLC

Commissioner Boyd moved to take the following actions:

1. Deny the petition for reconsideration; and
2. Require IPL, within 60 days, to make the filings required by the Commission's April 16, 2013 Order.:

The motion passed 5-0.

E-104,114,121,126,145/CG-12-146

In the Matter of the Petition by Renewable Energy SD, LLC for Resolution of Cogeneration and Small Power Production Disputes with Benco Electric Cooperative, Federated Rural Electric Association, Meeker Cooperative Light & Power Association, Nobles Cooperative Electric and Tri-county Electric Cooperative Under Minn. Stat. 216B.164, subd. 5

Commissioner Wergin moved to determine that RESD has not fully complied with the December 17, 2012 Order. Commissioner Wergin moved to take the following actions:

1. Find that RESD has failed to demonstrate that the wind systems are designed to operate below 40 kW and that they operate as such and dismiss the case with prejudice based on the lack of documentation supporting the complaint; and
2. Delegate to the Executive Secretary the authority to approve or disapprove the Coop proposed net metering letter.

The motion passed 5-0.

~~E-999/AA-11-792~~

PULLED

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

E-002/RL-12-1151

In the Matter of the Application of Xcel Energy for a Route Permit for the Kohlman Lake to Goose Lake 115 kV Transmission Line Upgrade Project in Ramsey County

Commissioner Boyd moved to take the following actions:

1. Take no action regarding route alternatives to be evaluated in the environmental assessment; and
2. Authorize the issuance of the generic route permit template attached to the Commission Staff's briefing papers as well as the compliance and complaint language attached to the template.

The motion passed 5-0.

~~IP-6687/CN-08-951~~
~~IP-6687/TL-08-9988~~
~~IP-6687/WS-08-1134~~
PULLED

In the Matter of Flat Hill Windpark I, LLC's Certificate of Need, Route Permit, and Site Permit for its 201 MW Wind Project in Clay County

IP-6701/CN-09-1186

In the Matter of AWA Goodhue Wind, LLC's Application for a Certificate of Need for a 78 MW 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 Megawatt Large Wind Energy Conversion System Project in Goodhue County

E-002/M-09-1349 and E-002/M-09-1350

In the Matter of Northern States Power Company's Request for Approval of Power Purchase Agreements with Goodhue Wind, LLC

Chair Heydinger moved to deny New Era's June 18 request for an extension of time.

The motion passed 5-0.

Commissioner Wergin moved to take the following actions:

- A. Find that the project violated the Minn. Stat. 216B.1612, subd. 3(c) in that the transfer provision and the transfer of power purchase agreement that occurred are prohibited.
- B. Do not recertify the Certificate of Need due to New Era's failure to demonstrate that it will comply with the Commission's orders, and failure to show that it is prepared to move forward with the Project for which the Certificate of Need was obtained, including the failure to specify a current in-service date.

The motion passed 5-0.

Commissioner Wergin moved to deny New Era's April 17 request to hold the case in abeyance.

The motion passed 5-0.

Commissioner Wergin moved to take the following actions:

- A. Request New Era to provide a more comprehensive response by August 23, 2013 to the request by the Commission in its March 20 Order that required New Era to investigate and file responses to the claims made by the public.
- B. Request a summary of the March 27, 2013 site visit be provided by New Era by August 23, 2013.
- C. New Era has fourteen days from the date of this Order to surrender its Site Permit or to show cause that it intends to begin construction by August 23, 2013, and that the Site Permit should not be revoked. The Applicant shall demonstrate that it is able to commence construction of the Project by August 23, 2013.
- D. In the event that by August 23, 2013 New Era has neither surrendered the Site Permit nor filed an CN Exemption Petition, the Commission hereby gives notice of its intent to revoke.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: July 31, 2013



Burl W. Haar, Executive Secretary