

The Commission met on **Thursday, April 4, 2013**, with Chair Heydinger and Commissioners Boyd, Lange, O'Brien, and Wergin present.

The following matters came before the Commission:

ENERGY AGENDA

IP-6902/CN-13-163

In the Matter of the Application of High Country Wind Energy Project, LLC for a Certificate of Need for an up to 150 MW Wind Farm in Dodge and Olmsted Counties, Minnesota

Commissioner Wergin moved to do the following:

1. Grant the exemptions requested by High Country Wind Energy Project, LLC.
2. Vary Minn. R. 7849.0200, subp. 6, to extend the 30-day time limit for Commission consideration of the requested exemptions.

The motion passed 5 - 0.

E-002/TL-11-795

In the Matter of the Route Permit Application by Northern States Power Company for the Black Dog to Savage 115 kV Transmission Line Project in Dakota County

Commissioner Boyd moved to do the following:

1. Determine that the environmental assessment and record developed address the issues identified in the environmental-assessment scoping decision.
2. Approve and adopt the proposed findings of fact and conclusions for the Project as amended by the Minnesota Department of Commerce (the Department); designate the route, including all associated facilities; and issue a high-voltage transmission line route permit, with appropriate conditions as proposed by the Department.

The motion passed 5 - 0.

ET-002/TL-08-1474

In the Matter of the Route Permit Application for a 345 kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota

Commissioner Wergin moved to approve Option 3 – the anticipated route alignment north of the County Road 62 portion of the Helena Substation to Chub Lake Substation segment.

The motion passed 5 - 0.

IP-6630/WS-07-318

In the Matter of Comfrey Wind Energy, LLC’s Large Wind Energy Conversion System Site Permit for the 31.5 MW Comfrey Wind Project

Chair Heydinger moved to approve the requested permit amendments, incorporating --

1. The applicant’s requested modifications;
2. The Department’s requested condition modifications outlined in their May 2012 comments; and
3. The new permit format, requirements and language used in recently issued site permits.

The motion passed 4 - 1. Commissioner Wergin opposed the motion.

G-008/M-13-109

Petition of CenterPoint Energy for Approval of a Miscellaneous Rate Change Related to Transportation Service Daily Balancing Charges

Commissioner Boyd moved to do the following:

1. Approve CenterPoint Energy’s proposed daily balancing charges as set forth in Table 1, effective on May 1, 2013, for gas service rendered by the company on or after that date.

Table 1: CenterPoint Energy’s Proposed Changes to its Transportation Service Daily Balancing Charges

	Approved Charges (\$ per therm)	Company Proposed Charges as of April 1, 2013 (\$ per therm)	Change from Approved Charges (\$ per therm)	Percent Change from Approved Charges
Non-System Underrun Limitation (Non-SUL), Non-System Overrun Limitation (Non-SOL), and Non-Critical Days ¹ (November-March)	\$0.06100	\$0.06099	-\$0.00001	-0.016%
Non-SUL, Non-SOL, and Non-Critical Days (April-October)	\$0.02521	\$0.02520	-\$0.00001	-0.040%

2. Direct CenterPoint Energy to submit, as a compliance filing within 10 days of the date of the order, the relevant tariff sheets that comply with the Commission’s determination on this matter.

The motion passed 5 – 0.

E-017/M-12-708

In the Matter of Otter Tail Power Company's Request for Approval of its 2012 Renewable Resource Cost Recovery Adjustment Factor

Commissioner O'Brien moved to take the following action:

1. Approve the request of Otter Tail Power Company (the Company) to continue to charge the current factors approved in Docket No. E-017/GR-10-239 through April 30, 2013, and then reduce the factor to zero effective May 1, 2013.
2. Approve the Company's request to refund to Large General Service customers the amount over collected from each customer, as a bill credit. Require that the refund be repaid with interest at a rate of 8.61%.
3. Require that the Company submit a compliance filing within 30 days after the refunds have been issued to show the details of the final refund amounts and to provide an update of the tracker account for 2012 and 2013.
4. Require in its next rider filing of any type, that the Company provide justification for any carrying charge it proposes to impose on rider tracker account balances.

Commissioner O'Brien amended his motion to require the Company to issue its refund to Large General Service customers with interest calculated consistent with the Commission's Billing Error Rule, Minn. R. 7820.3800, subp. 2.

Commissioner O'Brien withdrew his motion.

Commissioner Wergin moved to take the following action:

1. Approve the Company's request to continue to charge the current factors approved in Docket No. E-017/GR-10-239 through April 30, 2013, and then reduce the factor to zero effective May 1, 2013.
2. Approve the Company's request to refund to Large General Service customers the amount over collected from each customer, as a bill credit. Require that the refund be repaid with interest at a rate consistent with the rate required by Minn. R. 7820.3800, subp. 2.
3. Require that the Company submit a compliance filing within 30 days after the refunds have been issued to show the details of the final refund amounts and to provide an update of the tracker account for 2012 and 2013.
4. Require, in its next rider filing of any type, that the Company provide justification for any carrying charge it proposes to impose on rider tracker account balances.

The motion passed 5 – 0.

E,G-999/M-12-587

**In the Matter of the Minnesota Office of 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**

Chair Heydinger moved to do the following:

1. Direct each utility to state, in its application for a multiyear rate plan (MYRP), how its proposed multiyear rate plan conforms to and is consistent with the multiyear rate plan statute, Minn. Stat. § 216B.16, subd. 19. Each utility shall explain the purpose of its proposed multiyear rate plan in the context of how it will improve the regulatory process for the recovery of costs related to specific, clearly identified capital projects, and, to the extent appropriate, the recovery of certain non-capital costs.
2. Direct all utilities to state the form of the multiyear rate plan proposed and the purpose behind such choice. This should provide a detailed explanation of which capital projects are included in the MYRP, *i.e.*, the reason for the project, the project's scope, and its timing, which non-capital costs are included in the MYRP, and the reason for including these projects and costs in the MYRP rather than somewhere else.
3. Find that a MYRP rate adjustment is a general change in rates and must be filed in a traditional rate case under Minn. Stat. § 216B.16, not as a separate petition.
4. Presume that unless it is demonstrated to be reasonable to do otherwise, the term of a MYRP will start with the effective date of newly authorized rates in a general rate case proceeding (to coincide with the proposed test year in the rate case).
5. Require the applicant to clearly explain in its MYRP application the rates that are proposed to be in effect at the end of the MYRP. If the specific dollar amount of those rates cannot be provided, the applicant should clearly explain the changes in costs and revenues that it proposes to include in those rates and how the applicant proposes to calculate those rates.
6. Require the applicant to explain whether a new rate case under Minn. Stat. § 216B.16 is necessary to establish rates at the end of the MYRP.
7. Find that utilities should not file a new rate case during the term of their MYRPs.
8. Presume that, if information and rates are proposed for two or more MYRP test years in a MYRP application that is contained within a proposal for a general change in rates, and unless it is demonstrated to be reasonable to do otherwise, then interim rates should be based upon the first MYRP test year, *i.e.*, the rate case test year.
9. Require the utility in the MYRP application to clearly explain, in the interim rate petition in the rate case and the MYRP application, how the utility proposes to handle the collection and possible refund of interim rates in the rate case in conjunction with the collection and transition to MYRP rates in the MYRP.
10. Require utilities to file all of the traditional general rate case information but only for the first year of the MYRP. This would include, but is not limited to, the financial schedules and cost projections filed in conjunction with a general rate change, which are described in Minn. R. 7825.3800 to 7825.4500, and include a jurisdictional financial summary, rate base, operating income and rate of return/cost of capital schedules.

- a. Limit changes in cost recovery and rates in the second (and, if applicable, the third) year of the MYRP to expected (*i.e.*, forecasted) changes in specifically identified, predetermined items, and require the utility to include –
 - i. revenue increases that are directly related to or caused by the capital costs recovered in the second year of the MYRP, and
 - ii. a correspondingly limited amount of information for the second year.
 - b. Require the MYRP applicant to file testimony supporting the --
 - i. capital additions and depreciation lives related to capital additions in the first, second (and, if applicable, the third) years of a MYRP and any changes expected in the lives of all depreciable assets for two years after the MYRP; and
 - ii. directly related income and expense items limited to the following for the second (and, if applicable, the third) year of the MYRP: depreciation expense, property taxes, deferred taxes, state and federal taxes, allowance for funds used during construction, and testimony to explain and support their forecasting methodology and their sales forecast.
 - c. Require the MYRP applicant to include in its proposal a process and schedule for filing and reviewing compliance reports that –
 - i. compare estimated costs and revenues for the second (and, if applicable, third) year of the MYRP to actual costs and revenues for the second (and, if applicable, third) year, and
 - ii. explain the reasons for any differences to help the Commission and parties evaluate how well the MYRP process did in estimating costs.
11. Require utilities, in all initial MYRP applications, to explain their forecasting methods and provide testimony discussing their sales and budget forecasts, along with information showing the historical accuracy of the utility’s short-term, medium-term, and long-term forecasts.
 12. Require the utility, in the MYRP application, to provide the Commission, parties, and potentially interested persons, notice of the *initial* MYRP rate change and detailed financial information for the *initial* MYRP rate change no less than sixty days in advance of the proposed effective date of the initial MYRP rate adjustment.
 13. For any project included in a proposal for a MYRP that is canceled or postponed, the utility is required to immediately (*i.e.*, within 30 days) inform the Commission, and parties, and file a proposal to adjust its rates to stop collecting any costs related to the canceled or postponed project.¹

¹ The proposed MYRP should include a proposal for a process that ensures that when it becomes prudent to delay or avoid making a planned investment, the cost of that investment is not included [*e.g.*, removed from, refunded if already collected, etc.] in the MYRP rates.

14. Require the utility to file status reports annually confirming investments have been made according to the MYRP and confirming that the plan for future investments in the MYRP continues to be in place. Require the utility to file status reports on a more frequent schedule (*e.g.*, within 30 days of a known change in plans but on a schedule proposed by the utility) if there are material changes to the utility's plans.
15. Require any utility filing a multiyear plan to --
 - a. acknowledge that upward rate adjustments during the course of the multiyear plan will be subject to refund (if the rate adjustment is later determined to be imprudent), and
 - b. waive any defense to such a decision based on retroactive ratemaking.
16. Require a final compliance filing within 180 days after the final MYRP adjustment to verify that the rates charged under the multiyear rate plan were based only on reasonable and prudent cost of service.
17. Require the utility, in its initial MYRP application, to propose combining as many riders and other cost recovery mechanisms and cost recovery tools as it has been allowed to use into one mechanism that addresses as many cost recovery and rate issues as is practical. Require the utility to demonstrate in its initial MYRP application that the utility's proposal is the most reasonable alternative available to the utility.
18. In addition, for purposes of evaluating cost recovery under existing riders,
 - a. require the utility, in its MYRP application, to show clearly that double recovery will not occur as a result of the way it proposes to handle its MYRP and existing riders, including that rider and MYRP periods do not overlap, and
 - b. assuming costs in existing riders are likely to continue and are predictable enough to support rolling the riders into the rate case, allow rider recovery to be moved into base rates in the beginning of the rate case, recovering such costs in the same manner as similar costs are recovered, to avoid the problems of possible double recovery by having both riders and the rate case recovering the same net costs for the same period.
19. Find that riders and deferred accounting petitions should be handled on a case-by-case basis as they arise and depending on the status and objectives of the request for a particular rider or deferral of costs.
20. Advise utilities that the rate of return on equity (ROE) authorized and used to set rates in the general rate case in which the MYRP is approved should be the ROE used to set rates in the MYRP. Advise utilities that the rate of return established in the rate case should be applied, without changes, to each year of the MYRP.
21. Require utilities, while their MYRP applications are pending and while operating under a MYRP, to conduct additional customer communication and provide additional opportunities for consumers to participate in the MYRP rate setting process. Also, require that --

- a. Customers should be fully informed about the proposal for a MYRP and its impact on rates during the term of a MYRP. Public hearing notices and bill inserts should fully explain the process, the utility's proposal, the proposed duration of the plan, and how the customer can participate.
 - b. Customers should be permitted to provide public testimony to the administrative law judge and all customer communications should become a part of the record in the case. (This requirement is consistent with current practice during a rate case proceeding.)
22. Require the utility to provide notice of each rate change when each MYRP becomes effective.
 23. Require utilities to include in their MYRP applications a proposal that will encourage the utility to control its costs through incentives (*e.g.*, margin sharing) and penalties (*e.g.*, rate bands or caps beyond which a utility cannot recover).

Commissioner Wergin proposed amending the motion to remove Motion Paragraph 23 above. Chair Heydinger agreed to the amendment.

Chair Heydinger amended the motion to add the following:

24. Find that formula rates are not appropriate under a MYRP and that no automatic or formulaic true-ups of MYRP rates shall be permitted. Require utilities to propose actual, fixed (*i.e.*, dollar amount) rates for each year of the MYRP in their MYRP applications.

The amended motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: June 19, 2013



Burl W. Haar, Executive Secretary