

The Commission met on **Thursday, January 16, 2014**, with Chair Heydinger, and Commissioners Boyd, O'Brien, Lange, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

Docket No. PL-6668/CN-13-473

In the Matter of the Application of North Dakota Pipeline Company LLC for a Certificate of Need for the Sandpiper Pipeline Project in Minnesota

Commissioner Wergin moved to do the following:

1. Accept the certificate of need application as substantially complete, as modified by the December 16, 2013, reply comments of North Dakota Pipeline Company LLC (NDPC).
2. Refer the matter to the Office of Administrative Hearings (OAH) for a contested case proceeding.
3. Approve joint hearings for the certificate of need and route permit proceedings.
4. Require a prehearing conference at a date, time, and place to be set by the administrative law judge in consultation with Commission staff.
5. Delegate administrative authority, including timing issues, to the Executive Secretary and include the following additional items in the appropriate orders issued in this matter:
 - A. Designate Tracy Smetana as the Commission staff member to facilitate citizen participation in the process.
 - B. Request that the Minnesota Department of Commerce (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 NDPC to facilitate in every reasonable way the continued examination of the issues requested by the Department and Commission staff.
 - D. Require NDPC to place a copy of the application (printed or compact disc) and any supplements for review in at least one government center or public library in each county where the proposed pipeline project is located; and place the application and any required supplements on a website so that it can be accessed electronically.
 - E. Direct Commission staff to work with the OAH's administrative law judge in selecting suitable dates and locations for the public hearings on the application.
 - F. Direct Commission staff to work with the administrative law judge in developing a notice of public and evidentiary hearings in accordance with the requirements of Minn. R. 1405.0500.

- G. Require NDPC to send the notice of public and evidentiary hearings to the entities identified in Minn. Stat. § 216E.03, subd. 6, and Minn. R. 7829.2560, subp. 3, at least ten days in advance but no earlier than 45 days prior to commencement of the hearing. Require NDPC to publish the notice of public and evidentiary hearings in newspapers of general circulation in the areas likely to be affected by the proposed pipeline at least ten days prior to the start of the hearings. Require NDPC to submit a filing 20 days after issuance and publication of the notice demonstrating compliance, such as proofs of publication and a list of the names and addresses of notice recipients.
6. Vary the following rules:
- A. Vary the time period of Minn. R. 7853.0200, subp. 7, and extend the 15-day time limit for a Commission decision on application completeness.
 - B. Vary the time period of Minn. R. 7853.0200, subp. 5, and extend the 80-day time limit to conduct a public meeting.
 - C. Vary Minn. R. 7853.0510 and 7853.0530, subp. 3e, under 7829.3200, subp. 1, with the understanding that the trade-secret information would be provided at the earliest possible opportunity once a protective order has been issued.

Chair Heydinger moved to amend Commissioner Wergin’s motion to omit paragraph 6.C. and to amend paragraph 1 as follows:

- 1. Accept the certificate of need application as substantially complete as modified by NDCP’s December 16, 2013, reply comments, and upon submittal of the additional or clarifying information required under Minn. R. 7853.0510 and 7853.0530.

The motion to amend Commissioner Wergin’s motion passed 3 – 2; Commissioners Boyd and Wergin voted no.

The Chair moved to pass Commissioner Wergin’s motion as amended.

The amended motion passed 3 – 2; Commissioners Boyd and Lange voted no.

The Chair moved to reconsider the motion.

The motion to reconsider passed 4 – 1; Commissioner Boyd voted no.

The Chair again moved to pass Commissioner Wergin’s amended motion.

The motion passed 4 – 1; Commissioner Boyd voted no.

PL-6668/PPL-13-474

In the Matter of the Application of North Dakota Pipeline Company LLC for a Pipeline Routing Permit for the Sandpiper Pipeline Project in Minnesota

Commissioner Wergin moved to do the following:

1. Accept the pipeline route permit application as substantially complete.
2. Refer the matter to the Office of Administrative Hearings for a contested case proceeding.
3. Approve joint hearings for the certificate of need and route permit proceedings.
4. Require a prehearing conference at a date, time, and place to be set by the administrative law judge in consultation with Commission staff.
5. Designate Tracy Smetana of Commission staff as public adviser in this matter.
6. Take no action on a citizen advisory committee at this time.
7. Delegate administrative authority, including timing issues, to the Executive Secretary and include the following additional items in the appropriate orders issued in this matter:
 - A. Direct NDPC to facilitate in every reasonable way the continued examination of the issues requested by the Department and Commission staff.
 - B. Require NDPC to place a copy of the application (printed or compact disc) and any supplements for review in at least one government center or public library in each county where the proposed pipeline project is located; and place the application and any required supplements on a website so that it can be accessed electronically.
 - C. Direct Commission staff to work with the administrative law judge in selecting suitable dates and locations for the public hearings on the application.
 - D. Direct Commission staff to work with the administrative law judge in developing a notice of public and evidentiary hearings in accordance with the requirements of Minn. R. 1405.0500.
 - E. Require NDPC to send the notice of public and evidentiary hearings to the entities identified in Minn. Stat. § 216E.03, subd. 6, and Minn. R. 7829.2560, subp. 3, at least ten days in advance but no earlier than 45 days prior to commencement of the hearing. Require NDPC to publish the notice of public and evidentiary hearings in newspapers of general circulation in the areas likely to be affected by the proposed pipeline at least ten days prior to the start of the hearings. Require NDPC to submit a filing 20 days after issuance and publication of the notice demonstrating compliance, such as, proofs of publication and a list of the names and addresses of notice recipients.
8. Authorize the Department to administer the alternative route proposal development process under Minn. R. 7852.1400.

9. Authorize the Department to prepare and file the comparative environmental analysis in accordance with Minn. R. 7852.1500, and file a technical analysis of the record that includes the following:
 - A. The comparative environmental analysis shall include a discussion of the proposed project's compliance with applicable statutes and rules.
 - B. The comparative environmental analysis shall include comments and analysis on the feasibility and relative merits of all route alternatives studied using the selection criteria set forth in statute and rule. The "relative merits" analysis will examine each route alternative in relation to each other, based on the factors in the statute and rule. It will identify routes with fatal flaws. It will identify routes with common or similar impacts relative to the factors. And where factors differ among routes, it will generally group the routes, identifying those needing no mitigation, those with negative impacts that would need mitigation and alternatives for how mitigation might be addressed, and those with unavoidable impacts that cannot be mitigated.
 - C. The comparative environmental analysis shall include recommended permit language or specific provisions relative to permittable routes.
10. Approve an application fee of \$710,000 for the costs required to process the pipeline routing permit application.
11. Grant the following variances:
 - A. Vary the time period of Minn. R. 7852.2000, subp. 4, and extend the 21-day time limit for Commission decision on application completeness.
 - B. Vary the "in-county meeting" requirement of Minn. R. 7852.1300, subp. 1(A) and (B), and allow for meetings in areas near and conveniently spaced along the proposed route.
 - C. Vary the time period of Minn. R. 7852.1400, subp. 3(C), and extend the 70-day time limit for alternative route proposal acceptance.

The motion passed 5 – 0.

E,G002/S-13-983

In the Matter of Northern States Power Company's Request for Approval of its 2013 Capital Structure Prior to Issuing Securities

Commissioner Boyd moved to take the following actions:

Adopt the Department's recommendation to:

- Approve NSP-MN's requested 2014 capital structure; this approval to be in effect until the 2015 Capital Structure Order is issued.
- Approve a ± 10 percent range around NSP-MN's common equity ratio of 52.3 percent (i.e., a range of 47.07 to 57.53 percent).

- Approve NSP-MN's short-term debt issuance not to exceed 15 percent of total capitalization at any time while the 2014 Capital Structure is in effect.
- Approve NSP-MN's total capitalization contingency of \$522 million (i.e., a total capitalization of \$9,500 million, including the \$522 million).
- Continue the variance authorizing NSP-MN to enter into multi-year credit agreements and issue associated notes thereunder, but require NSP-MN to also continue 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.
- Approve NSP-MN's request to issue securities provided that the Company remain within the contingency ranges or does not exceed them for more than 60 days.
- Require NSP-MN to obtain the Commission's preapproval of any issuance expected to result in the Company remaining outside the contingency ranges for more than 60 days.
- Approve NSP-MN's flexibility to use risk-management instruments that qualify for hedge accounting treatment under ASC No. 815.
- Require, in its next capital structure filing, NSP-MN to include an exhibit providing 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.
- Require, in its next annual capital structure filing, NSP-MN to include 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.
- Require, within 20 days of each non-recurring security issuance, NSP-MN to file for informational purposes only an after-the-fact report providing the following information: 1) the type of security issued; 2) the total amount issued; 3) the purpose of the issuance; 4) the issuance cost associated with the security issuance; and 5) the total cost of the security issuance, including details such as interest rate or cost per share of common equity issued.

Require NSP to file its request for approval of its 2015 securities issuances no later than November 1, 2014.

The motion passed 5 – 0.

E015/M-13-907

Petition of Minnesota Power for Approval of Investments and Expenditures in the Bison 4 Wind Project for Recovery through Minnesota Power's Renewable Resources Rider under Minn. Stat. §216B.1645

Commissioner Boyd moved to adopt the department's recommendation to approve the petition.

The motion passed 5 – 0.

E-015/M-12-920

In the Matter of Minnesota Power's Petitions for Approval of its Boswell Energy Center Unit 4 Environmental Retrofit Project and Boswell 4 Environmental Improvement Rider

Chair Heydinger moved to deny the request for reconsideration.

The motion passed 5 – 0.

E015/RP-13-53

In the Matter of Minnesota Power's 2013-2027 Integrated Resource Plan

Chair Heydinger moved to deny the request for reconsideration of ordering paragraph 12b.

The motion passed 5 – 0.

Chair Heydinger moved to deny the request for reconsideration of ordering paragraph 12c.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: March 19, 2014



Burl W. Haar, Executive Secretary