

The Commission met on **Thursday, December 12, 2013**, with Chair Jones-Heydinger, and Commissioners Boyd, O'Brien, Lange, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E-017/M-13-971

A Request by Otter Tail Power Company (Otter Tail) for Approval of a Modification to its Air Conditioning Control Rider, Section 14.08

Commissioner Lange moved to approve the petition consistent with the recommendations of the Department of Commerce.

The motion passed 5 – 0.

E017/M-13-648

OTP Power Company's (OTP or the Company), Request for Approval of its Environmental Upgrades Cost Recovery Rider for the Big Stone Plant

Commissioner Lange moved to approve the petition consistent with the recommendations of the Department of Commerce.

The motion passed 5 – 0.

E-001/M-13-249

In the Matter of Interstate Power and Light Company's 2012 Annual Safety, Reliability, and Service Quality Report, and Proposed Annual Reliability Standards for 2013

Commissioner Wergin moved to take the following actions:

1. Approve IPL's April 1, 2013 safety, reliability and service quality reports, as complying with Minn. Rules, Chapter 7826 and relevant Commission orders.
2. Approve IPL's 2012 proposed reliability standards at the levels indicated below:

Work Center	SAIDI	SAIFI	CAIDI
Winnebago	59.81	0.90	66.17
Albert Lea	80.30	1.02	78.44

3. Continue to require IPL to augment its next filing to include a description of the policies, procedures and actions that it has implemented, and plans to implement, to assure

reliability, including information on how it is demonstrating pro-active management of the system as a whole, increased reliability and active contingency planning.

4. Require the Company to include in its next annual filing a report on its review of its life extension guidelines with its field engineering and construction crews. The review should ensure that wildlife protection is installed in all projects and that lightning protection is installed as designed by the project engineer.
5. Require the Company to include in its next annual filing the reports required under Minn. R. 7826.0500, subp. 1G and the performance data for its worst-performing circuits, as required under Minn. R. 7826.0500, subp. 1H.
6. Continue to require the Company to incorporate into its next annual filing a summary table that allows the reader to more easily assess the overall reliability of the system and identify the main factors that affect reliability.

The motion passed 5 – 0.

E-017/M-13-253

In the Matter of Otter Tail Power Company’s 2012 Annual Safety, Reliability, and Service Quality Report, and Proposed Annual Reliability Standards for 2013

Commissioner Boyd moved to take the following actions:

1. Accept Otter Tail’s April 1, 2013 safety, reliability and service quality reports, as complying with Minn. Rules, Chapter 7826 and relevant Commission orders.
2. Accept Otter Tail’s 2013 proposed reliability standards at the levels indicated below:

Work Center	SAIDI	SAIFI	CAIDI
Bemidji	70.64	1.26	56.06
Crookston	69.33	1.19	58.26
Fergus Falls	66.97	1.11	60.33
Milbank	75.49	1.82	41.48
Morris	55.78	1.01	55.23
Wahpeton	57.24	1.13	50.65
MN Total	64.95	1.13	57.48

3. Continue to require Otter Tail to augment its next filing to include a description of the policies, procedures and actions that it has implemented, and plans to implement, to assure reliability, including information on how it is demonstrating pro-active management of the system as a whole, increased reliability and active contingency planning.

4. Continue to require the Company to incorporate into its next annual filing a summary table that allows the reader to more easily assess the overall reliability of the system and identify the main factors that affect reliability.
5. Continue to require the Company to report on the major causes of outages for major event days.

The motion passed 5 – 0.

E-015/M-13-254

In the Matter of Minnesota Power’s 2012 Annual Safety, Reliability, and Service Quality Report, and Proposed Annual Reliability Standards for 2013

Commissioner Wergin moved to take the following actions:

1. Accept MP’s April 1, 2013 safety, reliability and service quality reports, as complying with Minn. Rules, Chapter 7826 and relevant Commission orders.
2. Accept MP’s 2012 proposed reliability standards at the levels indicated below:

	SAIDI	SAIFI	CAIDI
2013 Standard	90.60	0.99	91.52

3. Continue to require MP to augment its next filing to include a description of the policies, procedures and actions that it has implemented, and plans to implement, to assure reliability, including information on how it is demonstrating pro-active management of the system as a whole, increased reliability and active contingency planning.
4. Continue to require the Company to incorporate into its next annual filing a summary table that allows the reader to more easily assess the overall reliability of the system and identify the main factors that affect reliability.

The motion passed 5 – 0.

E-002/M-13-255

In the Matter of Xcel Energy’s 2012 Annual Safety, Reliability, and Service Quality Report, and Proposed Annual Reliability Standards for 2013

Commissioner Lange moved to take the following actions:

1. Accept Xcel’s April 1, 2013 safety, reliability and service quality reports, as complying with Minn. Rules, Chapter 7826 and relevant Commission orders.
2. Accept Xcel’s 2013 proposed reliability standards at the levels indicated below:

Work Center	SAIDI	SAIFI	CAIDI
Metro East	85.44	0.94	90.75
Metro West	97.92	0.98	100.17
Northwest	102.56	0.87	117.94
Southeast	78.16	0.71	109.97

3. Continue to require Xcel to augment its next filing to include a description of the policies, procedures and actions that it has implemented, and plans to implement, to assure reliability, including information on how it is demonstrating proactive management of the system as a whole, increased reliability and active contingency planning.
4. The Company shall include in its next annual filing a report on its review of its life extension guidelines with its field engineering and construction crews. The review should ensure that wildlife protection is installed in all projects and that lightning protection is installed as designed by the project engineer.
5. Continue to require Xcel to incorporate into its next filing a summary table that allows the reader to more easily assess the overall reliability of the system and identify the main factors that affect reliability.
6. Continue to require Xcel to report on the major causes of outages for major event days.
7. Continue to require Xcel to consider other factors, in addition to historical data, on which to base its reliability indices for 2013 in an effort to demonstrate its commitment toward improving reliability performance.
8. Require Xcel to continue its efforts in the reporting of major service interruptions to the Commission's CAO.
9. Require Xcel to file any documentation provided to the city of Minneapolis related to the issues raised in this docket as an informational filing.

The motion passed 5 – 0.

E-016/M-13-379

In the Matter of Northwestern Wisconsin Electric Company's 2012 Annual Safety, Reliability, Service Quality Report and Proposed Annual Reliability Standards for 2013

Commissioner Wergin moved to take the following actions:

1. Accept NWECC's May 7, 2013 safety, reliability and service quality reports, as complying with Minn. Rules, Chapter 7826 and relevant Commission orders.

2. Accept the 2013 proposed reliability standards at the levels indicated below as recommended by the DOC:

	SAIDI	SAIFI	CAIDI
2013 Standard DOC (Recommended)	197.02	1.22	162.13

The motion passed 5 – 0.

E002/M-11-939

Request for Modification of Prior Order Provision for 2012-2014 Triennial Nuclear Plant Decommissioning Accrual;

E002/M-11-807

Credit Mechanism for a Department of Energy Settlement Payment with Deferred Accounting

Chair Heydinger moved to amend the Commission’s December 4, 2012, order to allow Xcel to place the funds disbursed by DOE in 2013 in excess of the decommissioning accrual amount into an external escrow account until such time as the Commission further determines the appropriate use for those funds.

The motion passed 5 – 0.

E-002/GR-13-868

In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota

Chair Heydinger moved to do the following:

1. Accept this filing as being in proper form and substantially complete as of November 4, 2013.
2. Regarding suspension of proposed final rates –
 - A. Suspend the proposed final rates until the Commission makes its final determination in this matter.
 - B. Find the Commission has insufficient time to make a final determination if the rates are suspended for a ten-month suspension period because of the need to make a final determination in other pending cases involving changes in general rates and because of Xcel’s proposal for a multiyear rate plan.

- C. Find that the rates in this case should be suspended for an additional one-hundred-and-eighty days, pursuant to Minn. Stat. § 216B.16, subs. 2(a), 2(f), and 19(d), until March 3, 2015.
3. Regarding record development –
- A. Refer this matter to the Office of Administrative Hearings (OAH) for a contested case proceeding.
- B. Request the administrative law judge (ALJ) assigned to this matter by the OAH to file his or her report on or before December 5, 2014;
- C. If the deadline for the Commission’s decision is extended beyond ten months plus one-hundred-and-eighty days at any point during this proceeding for any reason (*e.g.* settlement discussions, waiver), request the ALJ’s report at least three months before the extended deadline for the Commission’s decision.
- D. Request parties to thoroughly review and develop a full record on the following:
- 1) the standard rate case issues,¹
 - 2) a review of issues from past Commission orders,
 - 3) incorporation of the Monticello Nuclear Generating Plant Investigation,
 - 4) Sherburne County Generating Station Unit 3 insurance and litigation proceeds, and
 - 5) short- and long-term consequences of the rate mitigation strategy proposed by Northern States Power Company d/b/a Xcel Energy (Xcel or the Company).
4. Authorize Xcel to implement interim rates for service rendered on and after January 3, 2014 (sixty days after Xcel’s November 4, 2013, filing date).
5. Approve Xcel’s proposed interim cost of capital for setting interim rates.²
6. Regarding financial matters for setting interim rates, approve Xcel’s proposed interim rate increase of 4.57% (\$127,406,000).
7. Approve Xcel’s request to collect the interim rate increase as a uniform percentage interim rate adjustment to the base rate portion of customer bills. And to display the interim rate increase on customer bills using a single, line-item interim rate adjustment.

¹ The standard rate case issues are: 1) Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company? 2) Is the rate design proposed by the Company reasonable? and 3) Are the Company’s proposed capital structure and return on equity reasonable? *In the Matter of the Application of Minnegasco, a Division of NorAm Energy Company, for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-95-700, Notice and Order for Hearing (October 4, 1995) at 3.

² Xcel proposed a rate of return on common equity of 9.83 percent and an overall rate of return of 7.42 percent for the calculation of interim rates.

8. Regarding administrative and compliance issues:
 - A. In the Notice and Order for Hearing, require the following:
 - 1) The order will be served on the Company, which shall mail copies of the Order to all municipalities, counties, and local governing bodies in its Minnesota service area.
 - 2) Public Hearings shall be held in this matter at locations within the service area of the Company.
 - 3) The Company shall give the following notices of the evidentiary and public hearings:
 - a) Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.
 - b) Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - c) Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.
 - d) The Company shall submit proposed notices for Commission approval prior to publication or service.
 - B. In the Order Setting Interim Rates --
 - 1) Order the Company to file with the Commission and the Department of Commerce-Division of Energy Resources interim rate tariff sheets and supporting documentation reflecting the decisions herein. The Company's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
 - 2) Order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
 - 3) Order the Company to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, the Company shall certify this fact to the Commission.
 - C. Require Xcel to maintain records of Conservation Improvement Program (CIP) costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.

9. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.

Chair Heydinger amended the motion to add the following:

6. Regarding financial matters for setting interim rates:
 1. Determine that because Sherco 3 is now back on line as an operating plant, the costs are of the same nature and kind as for any other preexisting plant for interim rates and should be allowed in interim rates.
 2. Determine that changing the amortization period does not result in the amortization expense not being the same in nature and kind as amortization expense in the 12-961 rate case. (Allows inclusion of the rate moderation proposal for interim rates.)
 3. Approve Xcel's proposed interim rate increase of 4.57% (\$127,406,000).

The amended motion passed 5 – 0.

E-002/MR-13-869

In the Matter of Xcel Energy's Request for Approval of a New Base Cost of Energy

Commissioner Boyd moved to do the following:

1. Approve the new Base Cost of Energy of \$0.02780 per kilowatt hour as proposed by Xcel effective no earlier than January 3, 2014, coincident with the implementation of interim rates in Xcel's general rate case, *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-13-868.
2. Clarify that approval of the proposed new Base Cost of Energy does not preclude any party from disputing the assumptions used in Xcel's petition (such as projected sales), or the Commission from adopting different assumptions than those used in this petition, when reviewing and determining final rates in the general rate case.
3. Clarify that the Base Cost of Energy rate may be subject to revision and possible refund based upon issues raised within Xcel's general rate case.

The motion passed 5 – 0.

E999/R-13-729

In the Matter of Possible Amendments to Rules Governing Cogeneration and Small Power Production, Minnesota Rules, Chapter 7835

Commissioner O'Brien moved to appoint an advisory committee and delegate to the Executive Secretary the authority to determine the size and composition of the advisory committee.

The motion passed 5 – 0.

E017/M-13-609

In the Matter of Otter Tail Power Company's Request to Amend the Standby Service Tariff;

E002/M-13-642

In the Matter of the Petition for Approval of Tariff Modifications Implementing Net Metered Facility Provisions, Standby Service Exemptions, and Meter Aggregations Pursuant to the 2013 Omnibus Energy Bill;

E001/M-13-667

In the Matter of Interstate Power and Light Company's Request for Approval of Changes to its Standby Tariff;

E015/M-13-770

In the Matter of Minnesota Power's Request for Approval to Changes to its Standby Tariff.

Commissioner Lange moved to take the following actions:

1. Approve Otter Tail Power Company's proposed changes to pages 1 and 7 of its Standby Service tariff. (Docket E-017/M-13-609).
2. Approve Interstate Power and Light's proposed changes to pages 30 and 30.2 of Volume 8 of its tariff and removal of the reference "and Supplementary Power" on pages 30.2, 30.3, 30.4, and 30.5. (Docket E-001/M-13-667)
3. Approve Minnesota Power's proposed changes to Section V, pages 61 of its tariff. (Docket E-015/M-13-770.)
4. Approve the portions of Xcel's proposed tariff modifications which change the stand-by service floor from 60 to 100 kW (Section 5, Sheets 101 and 106; Section 10, Sheet 74). (Docket E-002/M-13-642)
5. Find that the Commission's September 28, 2004 Order established allowable costs to be recovered through stand-by charges and utilities may operate under this Order until such time that the Commission orders otherwise.
6. Do not initiate a generic proceeding at this time. Direct the utilities, and permit other stakeholders, to engage in discussions with the Department on the need for a generic proceeding and the potential scope for such a proceeding (using the criteria listed in

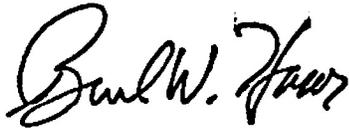
Commission decision option #9 as a guide). The parties shall contact the Commission once discussions have concluded.

7. Direct all four utilities to engage in discussions with the Department and Commission staff on the appropriate procedure to incorporate these statutory changes in tariffs.
8. Do not refer the issue to the rulemaking at this time. Direct the utilities to engage in discussions with the Department on the appropriate procedure for clarifying this legislative language.
9. Refer the issue of REC ownership to the Commission's generic docket, E999/CI-13-720.
10. Approve Xcel's proposed tariff language, only as related to the requirement for production meters, located throughout Tariff Sheet Nos. 10-163 through 10-168.
11. Direct Xcel to serve the commenters in this docket with any future filing related to third party ownership.
12. Direct Xcel to serve a copy of any Value of Solar tariff it files with the Commission on the Distributed Renewables Advocates.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: February 12, 2014



Burl W. Haar, Executive Secretary