

The Commission met on **Thursday, May 1, 2014**, with Chair Heydinger, and Commissioners Boyd, Lange, and Lipschultz present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-999/PR-14-15

In the Matter of Intercarrier Compensation Reform Required by FCC Order

Commissioner Lipschultz moved to take the following actions:

1. Require carriers to file their new access rates as of July 1, 2014 (but for CLECs who benchmark their rates to the competing incumbents and who must file revised tariffs within 15 days of the effective date of the lowered incumbent carrier rate) as follows:
 - A. Carriers shall e-file revised intrastate access rates for 2014 in the new docket number established for 2014, Docket No. P-999/PR-14-15, using the methodology set forth by the FCC, as clarified in its March 31, 2014 Order, and set forth in revised rules 47 CFR §§ 51.907(d) and 909(d), 47 CFR 51.911(c), and the applicable provisions of 47 CFR § 61.26.
 - B. Each carrier's rate shall be subject to a true-up if a complaint filed by October 31, 2014, results in a Commission finding that a different rate was warranted.
 - C. If a company's intrastate access rates are identical to its interstate rates, the company may identify in their intrastate tariffs the electronic links to interstate access rates. The intrastate tariff should clearly show the trail an access customer can follow to get from the individual carrier's intrastate access tariff to the interstate tariff for each access element that is applicable to a customer's situation.
 - D. If a company's intrastate access rates are identical to its interstate rates, and who, pursuant to FCC Rules will still have intrastate access rates that equal interstate access rates need only file an informational letter so stating. Such letters to be filed by individual companies or at a company's option, in cases where multiple companies participate in group tariffs, participants in the group tariff may file a joint letter.

The motion passed, 4-0.

ENERGY AGENDA

E, G-002/D-12-151

In the Matter of Northern States Power Company's Request for Approval of the Annual Review of Remaining Lives Depreciation for Electric and Gas Production and Gas Storage Facilities and Net Salvage Rates for 2012

Commissioner Boyd moved to take the following actions:

1. Approve Xcel's proposed service lives, salvage rates, and resulting depreciation rate effective January 1, 2012 for plants in service as revised in its August 6, 2012 Reply Comments and its request to withdraw the life extensions for Blue Lake Units 1-4, Granite City, and Key City proposed in its original Petition.
2. Approve the reallocation of the 2012 year-end accumulated depreciation reserve balances among the individual units in steam production by FERC Account such that the Minnesota Valley plant, including the updated removal costs proposed in its original Petition, is fully depreciated by the end of 2012. Allow Xcel to withdraw its request for the net salvage rate change for the Minnesota Valley Plant proposed in its original Petition.
3. Within 30 days of the order in this docket require Xcel to file an explanation as to: a) why only about 40 percent of the removal and demolition costs for Minnesota Valley Plant was collected over the life of the plant, with the remaining 60 percent to be recovered after the plant is no longer operating, and b) what Xcel will do to ensure this does not occur with other plants.
4. Require Xcel to continue to provide an explanation and schedule of the differences between the depreciation remaining lives and Integrated Resource Planning lives of electric production plant in future depreciation studies.
5. Require Xcel to continue to provide a historical comparison of changes in remaining lives and net salvage rates in future depreciation studies.
6. Require Xcel to file its next five-year depreciation study and net salvage rate study for electric and gas production and gas storage facilities on February 17, 2015.
7. Require Xcel to provide a compliance item in Xcel's Depreciation Study when final retirement is completed for the Minnesota Valley Plant. The compliance filing should include information regarding a comparison of estimated retirement costs (including cost of removal, demolition costs, salvage, etc.) to actual retirement costs, and the final accounting for the Minnesota Valley retirement.

The motion passed 4-0.

E, G-002/D-13-1158

In the Matter of Northern States Power Company's Request for Approval of the Annual Review of Remaining Lives Depreciation for Electric and Gas Production and Gas Storage Facilities and Net Salvage Rates for 2013

Commissioner Heydinger moved to take the following actions:

1. Approve Xcel's proposed 2013 service lives, salvage rates, and resulting depreciation rate effective January 1, 2013 for plants in service. This includes:
 - a new six year life for the Granite City plant
 - a 20 year life for the Wescott Compressor Equipment account
 - a negative salvage rate of 29.7 percent rate for Black Dog Units 3 and 4
 - a negative salvage rate of 1.7 percent for Black Dog Unit 5.
2. Require Xcel to continue to provide an explanation and schedule of the differences between the depreciation remaining lives and Integrated Resource Planning lives of electric production plan in future depreciation studies.
3. Require Xcel to continue to provide a historical comparison of changes in remaining lives and net salvage rates in future depreciation studies.
4. Require Xcel to file its next five-year depreciation study and net salvage rate study for electric and gas production and gas storage facilities on February 17, 2015.
5. Require the Company to continue to update in future depreciation filings the removal costs for the Minnesota Valley Plant and the impact on depreciation reserves, including a final true-up when the retirement/removal is completed.

The motion passed 4-0.

E-002/M-13-315

In the Matter of a Rate for Large Solar Photovoltaic installations

Commissioner Lipschultz moved to take the following actions:

1. Approve a final Standby Service capacity credit of \$5.15 per kW/month for solar PV customers with these customers having the option of a June 1 start date for the grace period.
2. Find that the Standby Service capacity credit will apply to the contracted amount of the Standby Service outside of the grace period.
3. Direct the Department to address specific issues in the generic scoping of the generic proceeding on standby service, as follows: (1) the appropriate calculation and application of the grace period to standby service, including standby service for solar customers, (2) whether solar PV should be exempted from standby service charges, and (3) an evaluation of

whether it is appropriate to offer a fixed 10 year contract at existing rates to support financing of solar projects. Ask the Department to report on a timeline for the study by September 1, 2014.

4. Clarify that the Commission is making no determination on ownership of RECs for solar PV customers receiving the Standby Service capacity credit.
5. Require Xcel to file an update within two years of the issue date of the order in this matter on the progress at MISO to establish a specific solar capacity accreditation value and any other changes that might be relevant in deciding whether to update the credit. Changes include but are not limited to (1) changes to base tariff demand charges in a rate case or other proceeding, and (2) material changes in avoided cost components. Require Xcel to continue filing an update on this matter and the progress at MISO every 12 months following the Company's first report.
6. Within 15 days of the Commission's order in this matter, require Xcel to make a compliance filing reflecting the changes to the Standby Service tariff adopted by the Commission.

The motion passed 4-0.

E-015/M-14-130

In the Matter of Minnesota Power's Petition for Approval of an Electric Service Agreement Between Magnetation, LLC and Minnesota Power

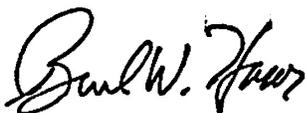
Commissioner Lipschultz moved to take the following actions:

1. Find that the terms and conditions of the ESA are consistent with the public interest and are not discriminatory and declare this as the standard of review for ESA's on a going forward basis.
2. Approve the proposed ESA.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: May 28, 2014



Burl W. Haar, Executive Secretary