

The Commission met on **Thursday, November 14, 2013**, with Chair Jones-Heydinger, and Commissioners Boyd, O'Brien, Lange, and Wergin present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-6898/M-12-1153

In the Matter of the Petition of TAG Mobile, LLC (TAG) for Designation as an Eligible Telecommunications Carrier (ETC) in Minnesota

Commissioner Wergin moved to take the following actions:

1. Find that TAG meets the common-carriage and supported-services requirements of 47 U.S.C. § 214(e)(1) and 47 C.F.R. § 54.101.
2. Find that, by virtue of the FCC's forbearance order, TAG is not required to meet the facilities-ownership requirement of 47 U.S.C. § 214(e)(1)(A).
3. Find that TAG meets the service-offering requirement of 47 C.F.R. § 54.202(a)(5).
4. Find that TAG meets the advertising-plan requirement of 47 C.F.R. § 54.405(b), subject to the requirement that within 30 days of the Commission's order approving TAG's petition, TAG must submit a formal advertising and outreach plan listing the specific local and community newspapers and commercial broadcast stations and/or other media in Minnesota through which it intends to advertise the availability of Lifeline service, including a proposed schedule or anticipated frequency of such advertising.
5. Find that TAG meets the emergency functionality requirement of 47 C.F.R. § 54.202(a)(2).
6. Find that TAG meets the consumer protection requirement of 47 C.F.R. § 54.202(a)(3).
7. Find that TAG meets the informational tariff requirement, subject to the condition that, within 30 days of the Commission's order approving TAG's petition, it must file an informational tariff as recommended by DOC. TAG must also ensure that the Terms and Conditions applicable to Minnesota customers, posted on its website, do not conflict with the terms and conditions included in its Minnesota informational tariff. Further, TAG must notify the Commission and DOC, in writing, immediately upon any change to the Lifeline offering terms, conditions, or rates, or if it seeks to withdraw its Lifeline offering or any portion thereof. TAG must submit a revised tariff or customer service agreement page to reflect such changes.
8. Find that TAG meets the financial and technical ability requirement of 47 C.F.R. § 54.202(a)(4).
9. Find that TAG will meet the 911-fee requirement of Minn. Stat. § 403.11, subd. 3d, upon a showing to the Commission that it has obtained certification from the Minnesota

Department of Public Safety that it is not in arrears for amounts owed to the 911 emergency telecommunications service account in the special revenue fund. Absent such a showing it shall not offer Lifeline service to customers in Minnesota.

10. Find that TAG's proposed rates for its Lifeline service are in the public interest and that, going forward, TAG shall offer, in Minnesota, (i) the highest number of free minutes of usage offered in any jurisdiction by TAG, and (ii) supplementary minutes at the lowest price offered in any other jurisdiction in which TAG provides wireless Lifeline service, provided that the available support is the same.
11. Find that TAG will meet the PSAP-certification requirement upon a showing that it has obtained certification of its handsets by the Minnesota Department of Public Safety. Absent such a showing TAG shall not offer service to Lifeline customers in Minnesota.
12. Require TAG to meet the following conditions:
 - a. TAG shall report any unfulfilled requests of Lifeline-qualified customers. If it determines that it cannot reasonably serve a consumer, it will report the unfulfilled request to DOC and the Commission within 10 days after making such a determination.
 - b. TAG shall comply with the collection and remittance provisions of Minn. Stat. §§ 403.11 and 237.52.
 - c. TAG shall provide customers with access to usable phones. Frequent static or other interference on the line, lack of clarity, dropped calls, inability to place a call, or receive a call under normal circumstances are not acceptable. If the buttons on phones are too small to use, for example, TAG shall provide customers an opportunity to try a different make or model. TAG must make hearing-aid compatible handsets available to Lifeline-qualified customers, at no charge.
 - d. Policies regarding repair, maintenance, replacement of handsets, batteries, and chargers and options to purchase handsets must be clear to consumers, and available to consumers who do not have web access. TAG shall provide detailed information in writing, at the time of enrollment, of repair and replacement policies for phones and accessories (batteries, chargers) and purchase options.
 - e. TAG shall offer instruction manuals in every cellphone device box that it distributes to Lifeline customers.
 - f. TAG shall provide its customers access to customer service without lengthy hold-times and without use of air-time minutes.
 - g. To the extent that TAG conducts, or employ agents to conduct, in-person distribution events, it shall provide consumers with access to information, via telephone as well as website, on all Minnesota distribution events, locations, and times.
13. Approve TAG's petition for ETC designation for Lifeline services subject to the terms and conditions above.

The motion passed 5 – 0.

ENERGY AGENDA

E002/M-13-906

Xcel Energy's request for approval of modifications to its Hiawatha Light Rail Line Tariff

Commissioner Lange moved to adopt the Department's recommendation.

The motion passed 5 – 0.

E,G999/CI-08-133

Modifications to Minnesota Power's Shared Savings DSM Financial Incentive Mechanism

Commissioner Boyd moved to adopt the Department's recommendation of October 1, 2013.

The motion passed 5 – 0.

E002/M-13-247

Petition of Northern States Power Company d/b/a Xcel Energy for Approval of an Electric Conservation Improvement Program (CIP) Adjustment

Commissioner Lange moved to take the following actions:

1. Approve Xcel's 2012 Electric Conservation Improvement Program (CIP) tracker account activity as shown in Table 3 of the Departments' October 16, 2013 comments.
2. Find it inappropriate to allow Xcel to count all of its 2012 energy savings toward its demand-side management financial incentive, while leaving open the option of carrying forward the energy savings for purposes of determining future CIP energy savings goals, given that the meaning and implementation of the statutory carryover provision are currently under review.
3. Allow Xcel to withdraw its proposal to carry forward energy savings for 2012, allow all 2012 energy savings to count toward the 2012 Shared Savings demand-side management financial incentive, and find that Xcel will not be permitted to raise this issue again in regard to 2012 energy savings.
4. Approve a demand-side management financial incentive of \$53,911,925 for Xcel's 2012 electric CIP achievements.
5. Approve a Solar*Rewards financial incentive of \$174,055 for Xcel's 2012 achievements occurring after March 12, 2012.
6. Approve a CIP Adjustment Factor for Xcel for 2013/2014 of \$0.002935 per kWh.

The motion passed 5 – 0.

G-011/GR-13-617

In the Matter of a Petition by Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota

Commissioner Boyd moved to take the following actions:

1. Accept the Company's filing as being in proper form and substantially complete as of September 30, 2013.
2. Suspend the proposed final rates until the Commission makes its final determination in the Company's 2013 rate case.
3. Find that the Commission has insufficient time to make a final determination if the rates are suspended for a 10-month suspension period because of the need to make final determinations in other pending cases involving changes in general rates. Suspend the rates in this matter for an additional 90 days, i.e., until October 28, 2014.
4. Refer the matter to the Office of Administrative Hearings for a contested case proceeding, and:
 - A. Request the ALJ's report on or before August 12, 2014; and
 - B. If the deadline for the Commission's decision is extended beyond October 28, 2014 for any reason at any point during the proceeding, and request the ALJ's report at least two-and-a-half months' before the extended deadline for the Commission's decision.
5. Require the Company to file supplemental direct testimony within thirty days reflecting the calculation of the applicable CCRC and CCRA charges since the inception of its ownership, July 2006. Provide the applicable Northshore volumes, CCRC and CCRA rates, and the CCRC and CCRA amounts, by month for the stated period of time, July 2006 through December 31, 2013.
6. Require MERC to file additional information within thirty days on the adequacy of the Vertex billing audit with respect to finding CIP-related and other billing errors. Request parties to address the adequacy of the Vertex billing audit in finding these errors.
7. Require the Company to provide additional information regarding the Company's tracking and handling of CIP expenses in the development of the test year operating expenses.
8. Require the Company to provide supplemental testimony or exhibits as to the potential impact of updated sales forecasts and commodity pricing forecast updates on the demand and commodity cost of gas rates.
9. Require MERC to provide updated sales forecasts and commodity pricing forecasts from its general rate case and information on the potential impact of these updates on its per dekatherm demand and/or commodity cost of gas rates. These updates should be filed in this docket and the related base cost of gas matter, in Docket No. G-011/MR-13-732.
10. Request the parties to address MERC's test-year forecast for late payment and other revenues in their pre-filed direct testimony.
11. Request parties to address and fully develop the record on MERC's proposed test-year regulatory assets and liabilities.

12. Require MERC to provide supplemental testimony within thirty days that explains how it administers joint rate service and the joint rates in its joint rate tariffs, as described in the staff briefing papers. Ask parties to address the reasonableness of MERC's joint rate service with respect to both gas and non-gas costs and rates, and whether MERC's joint rate tariff language needs to be clarified to better explain how MERC administers this service.
13. Set interim rates to be effective for service rendered on and after November 29, 2013.
14. Grant MERC's request to waive its right under the statute to put interim rates into effect on November 29, 2013 and authorize MERC to implement interim rates for service rendered on and after January 1, 2014.
15. Approve an annual interim rate revenue deficiency of \$10.756 million, or 4.18%.
16. If the Commission makes any adjustments to the level of interim rates proposed by the Company, direct MERC to file revised financial schedules and calculations (interim rate base, income statement, cost of capital, and revenue summary) and class revenue schedules reflecting the Commission's modifications within 5 days of this meeting.
17. Approve MERC's proposed interim cost of capital for setting interim rates.
18. Approve MERC's request to classify the salaries of the sixth through tenth highest paid employees as non-public, private data.
19. Require the following information in the Notice and Order for Hearing:
 - A. This 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.
 - B. Public Hearings shall be held in this matter at locations within the service area of the Company.
 - C. The Company shall give the following notices of the evidentiary and public hearings:
 - 1) 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.
 - 2) 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.
 - 3) 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.

- 4) The Company shall submit proposed notices for Commission approval prior to publication or service.

20. Require the following information in the Order Setting Interim Rates

- A. 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.
 - B. 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.
 - C. 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.
 - D. Require MERC to maintain records of CIP costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.
21. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of the proceeding.

The motion passed, 5 – 0.

Chair Heydinger moved to take the following actions:

1. Approve MERC's request to collect the interim rate increase as a uniform interim rate adjustment to the base rate portion of customer bills, i.e. the basic service charge, the delivery charge (excluding the conservation cost recovery adjustment (CCRA), the gas affordability program (GAP) adjustment, and the base cost of gas. And to display the interim rate increase on customer bills using a single, line-item interim rate adjustment.
2. Find exigent circumstances and approve MERC's request to assess but forgo collection of part of the interim rate increase from its upper large volume and market rate service (flexible rate) rider customers, and to not seek recovery of the difference from its other customers.
3. Order MERC to update Interim Tariff sheets to accurately reflect Interim Rate Petition and testimony.

The motion passed, 5 – 0.

G-011/MR-13-732

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a New Base Gas Cost for Interim Rates.

Commissioner Boyd moved to take the following actions:

1. Approve MERC's Base Cost of Gas petition, as filed.
2. Require MERC to provide updated the commodity cost of gas information at least once during the rate case contested proceeding. Direct the MERC to work with the Department and staff to determine the time increments. The updates should be filed in both this docket and the general rate case Docket No. G-011/GR-13-61

The motion passed, 5 – 0.

E002/GR-12-961

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

Commissioner Wergin moved to adopt the Department's recommendations.

The motion passed 5 – 0.

E002/CI-13-754

In the Matter of a Commission Investigation into Xcel Energy's Monticello Life Cycle Management/Extended Power Uprate Project and Request for Recovery of Cost Overruns

Commissioner Boyd moved to take the following actions:

1. Approve the investigation into Xcel's handling of the Monticello Life Cycle Management / Extended Power Uprate Project as described in the staff briefing papers, including the retention of an expert under Minn. Stat. § 216B.62, subd. 8, to assist the Department's investigation on the Commission's behalf;
2. refer the investigation to the Office of Administrative Hearings for a contested case proceeding as discussed in the briefing papers;
3. request a report and recommendation from the Administrative Law Judge as soon as is practical, and ideally, if possible, no later than December 1, 2014;
4. delegates to the Executive Secretary the authority to:
 - a. approve on the Commission's behalf the request for proposals for the retention of the outside engineering expert, and selection of the outside engineering expert;
 - b. vary the time periods set forth in the Commission's orders in this matter; and
 - c. establish any new processes (including deadlines) that may be necessary to facilitate resolution of this investigation.

The motion passed 5 – 0.

E-002/RP-13-368

In the Matter of Xcel Energy's Sherco Life Cycle Management Study/2014 Integrated Resource Plan

Commissioner Wergin moved to table further discussion of this agenda time pending notice and opportunity for the public to provide oral comments.

Commissioner Wergin withdrew her motion.

Commissioner O'Brien moved to receive additional comment from the public.

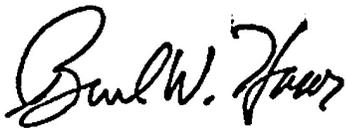
The motion passed 3 – 2; Commissioners Boyd and Wergin voted no.

Chair Heydinger moved to stay the duty of Northern States Power Company d/b/a Xcel Energy to file its next resource plan by February 1, 2014.¹

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 22, 2014



Burl W. Haar, Executive Secretary

¹ See *In the Matter of Xcel Energy's 2011-2025 Integrated Resource Plan*, Docket No. E-002/RP-10-825, Order Establishing Procedural Schedules and Filing Requirements (November 30, 2012), Ordering Paragraph 5.