

The Commission met on **Wednesday, September 25, 2013**, with Chair Heydinger, and Commissioners Boyd, Lange, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E-002, ET-2/TL-09-1056

In the Matter of the Application for a Route Permit for the Fargo to St. Cloud 345 kV Transmission Line Projects

Commissioner Boyd moved to authorize the minor alteration request without conditions.

The motion passed 5-0.

ET-6675/TL-12-1337

In the Matter of the Application of ITC Midwest LLC for a Route Permit for the Minnesota-Iowa 345 kV Transmission Line Project in Jackson, Martin, and Faribault Counties

Commissioner Wergin moved to take the following actions:

1. Take no action regarding the route alternatives to be evaluated in the environmental impact statement, and
2. Approve the issuance of the proposed generic route permit template for review and comment during the permit proceedings.

The motion passed 5-0.

E-015/RP-13-53

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

Commissioner Wergin moved to take the following actions:

1. Approves Minnesota Power's 2013 – 2027 resource plan. This approval does not extend to particular projects that are currently under review in other proceedings or will be subject to review in future proceedings, but is a general finding that the plans filed by Minnesota Power appear to be reasonable in light of the entire record.
2. Find that Minnesota Power's proposal to refuel Laskin units 1 and 2 to operate on natural gas by 2015 is reasonable.
3. Find that Minnesota Power's proposal to remove Taconite Harbor unit 3 from Minnesota Power's system by the end of 2015 is reasonable.

4. If Minnesota Power pursues refueling Laskin units 1 and 2 to operate on natural gas, or removing Taconite Harbor unit 3 from Minnesota Power's system, then require, within nine months of the date of the Commission's Order, Minnesota Power to file updated project costs and associated schedules.
5. Require Minnesota Power to obtain approximately 200 MW, subject to need, of intermediate capacity (and associated energy) in the 2015 – 2017 timeframe by constructing the resource itself, by sharing in the ownership of the resource, or by procuring the resource through bilateral contracts, whichever option is most cost-effective.
6. Find that with Minnesota Power's proposed retirement of Taconite Harbor unit 3, the current resource plan demonstrates Minnesota Power's need for an additional 50 MW of capacity in 2015, increasing up to 100 MW by 2019. Based on the modeling in the record, adding intermediate resources most appropriately reflects the nature of Minnesota Power's system needs.
7. When Minnesota Power commits to a specific bilateral contract, require the Company to file pertinent details of the contract, such as the duration, price, and amount of capacity and associated energy to be procured.
8. Direct Minnesota Power to file with the Commission all relevant MISO Attachment Y requests and the results of each, including whether Minnesota Power has requested MISO to evaluate any Minnesota Power unit as a System Support Resource.
9. Require Minnesota Power to make its next resource plan filing on or before September 1, 2015.
10. Require Minnesota Power to file its energy and demand forecast and Strategist commands thirty days prior to its next resource plan filing date.
11. Approve an energy savings goal of 1.87 percent of Minnesota Power's retail sales by its next resource plan filing.
12. Require Minnesota Power, for its next resource plan, to:
 - a. Identify the amount of energy savings embedded in each year of its load forecast, in terms of total savings (kWh) and as a percentage of non-CIP-exempt retail sales;
 - b. Identify the amount of system-wide energy savings, including aggregate data for CIP-exempt customers, embedded in each year of its load forecast;
 - c. Provide cost assumptions for achieving every 0.1 percent of savings above 1.5 percent of non-CIP-exempt retail sales.
13. In its next resource plan filing, Minnesota Power shall provide a summary of its compliance with new statutory measures and how the legislative changes impact its resource plan.

The motion passed 5 – 0.

Commissioner Lange moved to take the following action:

1. Require Minnesota Power to include the midpoint of the Commission's approved CO₂ range in its base case assumptions for its next resource plan.

The motion passed 4 – 1. (Commissioner Wergin, dissenting)

Commissioner Lange moved to take the following action:

1. Require Minnesota Power in its next resource plan filing to include a full analysis of the effects of retiring or repowering the Taconite 1 and 2 plants, including transmission and distribution effects.

The motion passed 5 – 0.

Commissioner O'Brien moved to take the following action:

1. Require Minnesota Power, for its next resource plan, to:
 - a. Evaluate additional conservation scenarios for its opt-out and non-opt-out customers, that would achieve greater energy savings beyond those in the base case

The motion passed 3 – 2. (Commissioners Wergin and Boyd, dissenting)

E-015/M-12-1349

In the Matter of the Petition of Minnesota Power for Approval of Transferring the Assets of Rapids Energy Center to Regulated Operations and Approval for Investments and Expenditures in the Rapids Optimization Project for Recovery through Minnesota Power's Renewable Resources Rider under Minn. Stat. § 216B.1645

Chair Heydinger moved to not approve the transfer of the assets of Rapids Energy Center from non-regulated operations to regulated operations at this time, subject to further review.

The motion passed 5-0.

E-015/M-12-1348

In the Matter of Minnesota Power's Request for Approval of an Amended and Restated Electric Service Agreement between Blandin Paper and Minnesota Power

Withdrawn at hearing

E-015/M-11-712

In the Matter of Minnesota Power's Annual Filing in Compliance with Minn. Stat. § 216B.6851, subd. 5 Mercury Emissions Reduction Implementation

E-015/M-12-734

In the Matter of Minnesota Power's Annual Filing in Compliance with Minn. Stat. § 216B.6851, subd. 5 Mercury Emissions Reduction Implementation

E-015/M-12-920

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

Commissioner O'Brien moved not to approve Minnesota Power's Boswell Unit 4 environmental retrofit petition at this time but to ask the Company to file additional information on repowering costs.

The motion failed 2-3. Commissioners Jones Heydinger, Boyd, and Wergin voted against the motion.

Commissioner Boyd moved to accept Minnesota Power's filings in dockets E-015/M-11-712 and E-015/M-12-734 and close the dockets.

The motion passed 5-0.

Commissioner Boyd moved to take the following actions:

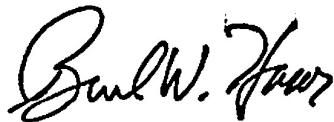
1. Approve the Petition with the following conditions:
 - a. Require Minnesota Power to include an update on its discussions with the EPA to resolve the notice of violation and identify and explain any costs related to the notice of violation included in its rate factor adjustment filings or other rate proceeding.
 - b. Require Minnesota Power to file biannual reports on the status of the Project, with the first report due January 1, 2014.
2. Approve the Rider and proposed rate design with the following conditions:
 - a. Require the Minnesota Power to make annual rate factor adjustment filings.
 - b. Cap the amount Minnesota Power can recover through its proposed rider to the cost estimates established in the Project Petition (Minnesota Power's share is estimated to be \$349,800,000).
 - c. All costs are subject to review in the annual filing.

3. Approve the use of the Peak and Average method for allocating the revenue requirement to the customer classes as originally proposed by Minnesota Power and supported by the Department.
4. Reduce the threshold for balancing adjustments as recommended by the Large Power Intervenors (10 MW for retail purposes).
5. Determine that Minnesota Power's request for a variance from Minn. R. 7825.3600 for its March 7, 2013 rider petition meets the three-part test for variances under Minn. Rules 7829.3200, and grant the request.

The motion passed 3-2. Commissioners O'Brien and Lange voted against the motion.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: November 27, 2013



Burl W. Haar, Executive Secretary