

The Commission met on **Thursday, December 22, 2011**, with Chair Anderson and Commissioners Boyd, O'Brien, Reha, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

G004/D-11-499

Great Plains Natural Gas' (Great Plains) 2011 Remaining Life Depreciation Petition

Commissioner Boyd moved that the Commission approve Great Plains' proposed depreciation parameters, with modifications:

1. Certify the remaining lives, salvage values, and depreciation rates proposed in Great Plains' 2011 Depreciation Study, effective January 1, 2011, excepting the proposed depreciation rate for Account 391.30.
2. Certify a depreciation rate of 23.85 percent for Account 391.30.
3. Require Great Plains to file a five-year depreciation study by June 1, 2012.
4. Require Great Plains to include with its 2011 Jurisdictional Annual Report a true-up to correct for the application of the incorrect depreciation rates in 2010.

The motion passed 5-0.

G004/PA-11-1008

In the Matter of a Request for the Approval of the Transfer of Property of Great Plains Natural Gas Co.

Commissioner Boyd moved that the Commission:

1. Determine that it is in the public interest and approve the sale of the peaking plants to Total Energy Corp.
2. Require Great Plains to file all the accounting entries related to the sale of the Redwood Falls facilities and the Montevideo facilities, including the entries relating to any income tax consequences of the transaction, within 60 days of the closing.
3. Determine that Great Plains has satisfied the requirements for a variance and grant a variance to Minn. Rule 7825.1400 (J).

The motion passed 5-0.

G-002/GR-06-1429

In the Matter of the Application of Northern States Power, a Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy Inc., for Authority to Increase Rates for Natural Gas Service in Minnesota.

Commissioner Wergin moved that the Commission:

1. Authorize Xcel Energy to exceed its \$2.5 million Gas Affordability Program (GAP) budget in 2011, using the GAP tracker balance to fund excess GAP expenditures; and
2. Authorize Xcel to add the following (underlined) sentence to the “total rider cost” paragraph in its GAP tariff:

Total Rider costs, which include start-up costs, Affordability component, Arrearage Forgiveness component, and incremental administration costs incurred by the Company, shall not exceed \$2.5 million per year. However, if there is an over-recovered balance in the Tracker in a given year, the over-recovered balance may be used to supplement benefits in that year unless the Minnesota Public Utilities Commission orders otherwise.

Company shall make best efforts to limit administrative costs included in the tracker to 5% of the total Rider costs.

Administrative costs will include, but are not limited to, the cost to inform customers of the Rider and costs to process and implement enrollments.

The motion passed 5-0.

E-017/M-11-185

In the Matter of a Request by Otter Tail Power for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive, and CIP Adjustment

Commissioner Reha moved that the Commission:

1. Approve OTP’s proposed revised 2010 DSM financial incentive of \$3,531,538. Allow OTP to include the 2010 DSM financial incentive in its CIP tracker account as of December 31, 2011.
2. Request that the DOC re-examine the new shared savings financial incentive model to address potential unintended consequences including those described by MCC. Encourage the DOC to file its report on the new incentive model within 30 days of the Order in this matter, including any suggestions for minor changes to the incentive for the 2012 CIP program year and significant changes for the 2013 CIP program year.

3. Approve OTP's 2010 CIP tracker account, as revised and summarized in Table 1, of the DOC's December 14, 2011 comments in this docket.
4. Require OTP to work with the DOC to implement a new method for counting the energy savings from behavioral programs that reflects the concerns raised by the DOC in the instant docket. These changes should be applied to the calculation of OTP's 2012 DSM financial incentive. The DOC should report back to the Commission on the approach to be taken in the determination of OTP's 2012 DSM financial incentive.
5. Approve OTP's request for a variance to Minnesota Rules part 7820.3500 (K) and a variance to Minnesota Rules part 7825.2600 for one year following the issue date of the Commission's Order in this matter.
6. Effective January 1, 2012, require OTP to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012, by customer. Direct OTP in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre-and post-January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used by customer. This pre- and post- information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of DOC.
7. Find that issues of interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for newly-exempt CIP customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as well as other related issues, will be addressed *In the Matter of the Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31*, in Docket No. E, G-999/CI-11-1149.
8. Require OTP to continue to recover CIP-related expenses for periods prior to January 1, 2012 from newly-exempt CIP customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as discussed above. Any CIP-related expenses recovered from the newly-exempt customers could be subject to true-up and refund at some future time.
9. Find that OTP's Conservation Improvement Program Adjustment Rider tariff does not provide for exemption from conservation improvement program charges for Large Customer Facilities, as defined in 216B.241, subd. 1 (i) (2). Direct the Company to file, for Commission review and approval, revised tariffs governing the application of conservation improvement charges for Large Customers Facilities which may be exempted by the Commissioner of the DOC. These can be filed separately from the other compliance tariff filings required by the Commission in this docket.

10. Make no change at this time to OTP's current method of CIP cost allocation for the CCRA and CCRC. Allow the Company to continue to use of the Percent of Bill method for its CCRA. Approve a CCRA of 3.8% for OTP beginning as early as the first billing cycle in the next full month after Commission approval, conditioned on the Company submitting, within 10 days of the issue date of the Order in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.
 - a. Order the Company to use the Per kWh method of cost allocation in its CIP CCRA filing made April 1, 2012 to apply to its 2012/2013 CCRA.
 - b. Order the Company to provide rate impacts by class that would result from a change to the Per kWh method for CIP cost allocation for its CCRA in its April 1, 2012 filing.
11. Deny the Chamber's request to require utilities to remove the net benefits associated with capacity savings from CIP programs in the determination of their DSK< financial incentive.
12. Deny the Chamber's request to require all utilities to use the E8760 allocation factor to allocate CIP costs for both the CCRC and the CCRA.
13. Require OTP to file within 60 days of the issue date of the Order in the present docket, a compliance filing with all compliance information required above, including tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

The motion passed, 5-0.

E-002/M-11-278

In the Matter of a Request by Xcel Energy for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive, and CIP Adjustment

Commissioner Boyd moved that the Commission:

1. Approve the Company's proposed 2010 DSM financial incentive of \$40,401,006. Allow Xcel to include the 2010 DSM financial incentive in its CIP tracker account as of December 31, 2011.
2. Request that the DOC re-examine the new shared savings financial incentive model to address potential unintended consequences including those described by the DOC in this docket. Encourage the DOC to file its report on the new incentive model within 30 days of the Order in this matter, including any suggestions for minor changes to the incentive for the 2012 CIP program year and significant changes for the 2013 CIP program year.
3. Approve Xcel's 2010 CIP tracker account activity and year-end balance of \$24,233,452, as summarized in DOC Table 1 (in DOC comments filed August 18, 2011, page 2).

4. Deny Xcel's proposal for an approved process to update its CCRA in compliance filings using actual rather than forecasted CCRA and CCRC revenues and carrying charges.
5. Require Xcel to work with the DOC to implement a new method for counting the energy savings from behavioral programs that reflects the concerns raised by the DOC in the instant docket. These changes should be applied to the calculation of Xcel's 2012 DSM financial incentive. The DOC should report back to the Commission on the approach to be taken in the determination of Xcel's 2012 DSM financial incentive.
6. Approve Xcel's proposed bill message with the modification that the October 1, 2011 effective date and CCRA factor listed in the bill message be updated in the compliance filing to reflect the Commission's determinations of the effective date and rate. If the method for allocating and recovering costs through the CCRA is changed by the Commission in this docket, Xcel should propose additional customer notice language as part of its compliance filing.
7. Approve Xcel's request for a tariff language change to its CIP Adjustment Factor tariff sheet (Sheet no. 5-92.1) as proposed by Xcel in its Petition to allow all customers to receive forecasted CIP adjustment data without signing a protective agreement with the Company.
8. Effective January 1, 2012, require Xcel to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012, by customer. Direct Xcel in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre-and post-January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used, by customer. This pre- and post- information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of DOC.
9. Find that issues of interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for newly-exempt CIP customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as well as other related issues, will be addressed *In the Matter of the Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31*, in Docket No. E, G-999/CI-11-1149.
10. Require Xcel to continue to recover CIP-related expenses for periods prior to January 1, 2012 from newly-exempt CIP customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as discussed above. Any CIP-related expenses recovered from the newly-exempt customers could be subject to true-up and refund at some future time.

11. Find that Xcel's Conservation Improvement Program Adjustment Rider tariff does not provide for exemption from conservation improvement program charges for Large Customer Facilities, as defined in 216B.241, subd. 1 (i) (2). Direct the Company to file, for Commission review and approval, revised tariffs governing the application of conservation improvement charges for Large Customers Facilities which may be exempted by the Commissioner of the DOC.
12. Approve Xcel's continued use of the Per kWh method for the allocation and recovery of CIP costs for the CCRA. Approve a CCRA of \$0.002648 per kWh for Xcel beginning as early as the first billing cycle in the next full month after Commission approval, conditioned on the Company submitting, within 10 days of the issue date of the Order in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.
13. Require Xcel in its next general rate case filing to include testimony supporting its use of its current method of CIP cost allocation in base rates and for the CCRC in tracker accounting.
14. Deny the Chamber's request to require utilities to remove the net benefits associated with capacity savings from CIP programs in the determination of their DSK< financial incentive.
15. Deny the Chamber's request to require all utilities to use the E8760 allocation factor to allocate CIP costs for both the CCRC and the CCRA.
16. Require Xcel to file within 60 days of the issue date of the Order in the present docket, a compliance filing with all compliance information required above, including tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

The motion passed, 5-0.

E-015/M-11-241

In the Matter of a Request by Minnesota Power for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive and CIP Adjustment

Commissioner Boyd moved that the Commission:

1. Approve MP's proposed 2010 DSM financial incentive of \$6,806,612. Allow MP to include the 2010 DSM financial incentive in its CIP tracker account as of December 31, 2011.
2. Request that the DOC re-examine the new shared savings financial incentive model to address potential unintended consequences including those described by the DOC in this docket. Encourage the DOC to file its report on the new incentive model within 30 days

of the Order in this matter, including any suggestions for minor changes to the incentive for the 2012 CIP program year and any significant changes for the 2013 CIP program year.

3. Approve MP's 2010 CIP tracker account activity and year-end balance as summarized in Table 1 of the Department's August 18, 2011 comments, page 2.
4. Require MP to work with the DOC to implement a new method for counting the energy savings from behavioral programs that will reflect the concerns raised by the DOC in this docket. These changes should be applied to the calculation of MP's 2012 DSM financial incentive. The DOC should report back to the Commission on the approach to be taken in the determination of MP's 2012 DSM financial incentive.
5. Approve MP's request for a variance to Minnesota Rules part 7820.3500 (K) and a variance to Minnesota Rules part 7825.2600 for one year following the issue date of the Commission's Order in this matter.
6. Effective January 1, 2012, require MP to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012, by customer. Direct MP in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre-and post-January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used, by customer. This pre- and post- information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of DOC.
7. Find that issues of interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for newly-exempt CIP customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as well as other related issues, will be addressed *In the Matter of the Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31*, in Docket No. E, G-999/CI-11-1149.
8. Require MP to continue to recover CIP-related expenses for periods prior to January 1, 2012 from newly-exempt CIP customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as discussed above. Any CIP-related expenses recovered from the newly-exempt customers could be subject to true-up and refund at some future time.
9. Find that MP's Rider for Conservation Program Adjustment does not provide for exemption from conservation improvement program charges for Large Customer Facilities, as defined in 216B.241, subd. 1 (i) (2). Direct the Company to file, for Commission review and approval, revised tariffs governing the application of conservation improvement charges for Large Customers Facilities which may be

exempted by the Commissioner of the DOC. These can be filed separately from the other compliance tariff filings required by the Commission in this docket.

10. Approve MP's continued use of the Per kWh method for the allocation and recovery of CIP costs for the CCRA. Approve a CCRA of \$0.002796 per kWh to be implemented as early as the first billing cycle in the next full month after Commission approval, conditioned on the Company submitting, within 10 days of the issue date of the Order in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.
11. Deny the Chamber's request to require utilities to remove the net benefits associated with capacity savings from CIP programs in the determination of their DSK< financial incentive.
12. Deny the Chamber's request to require all utilities to use the E8760 allocation factor to allocate CIP costs for both the CCRC and the CCRA.
13. Require MP to file within 60 days of the issue date of the Order in the present docket, a compliance filing with all compliance information required above, including tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

The motion passed, 5-0.

E-015/M-11-241

In the Matter of a Request by Minnesota Power for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive and CIP Adjustment

Commissioner Boyd moved that the Commission:

1. Approve MP's proposed 2010 DSM financial incentive of \$6,806,612.
2. Allow MP to include the 2010 DSM financial incentive in its CIP tracker account as of December 31, 2011.
3. Request that the DOC re-examine the new shared savings financial incentive model to address potential unintended consequences including those described by the DOC in this docket. Encourage the DOC to file its report on the new incentive model within 30 days of the Order in this matter, including any suggestions for minor changes to the incentive for the 2012 CIP program year and any significant changes for the 2013 CIP program year.
4. Approve MP's 2010 CIP tracker account activity and year-end balance as summarized in Table 1 of the Department's August 18, 2011 comments, page 2.

5. Require MP to work with the DOC to implement a new method for counting the energy savings from behavioral programs that will reflect the concerns raised by the DOC in this docket. These changes should be applied to the calculation of MP's 2012 DSM financial incentive. The DOC should report back to the Commission on the approach to be taken in the determination of MP's 2012 DSM financial incentive.
6. Approve MP's request for a variance to Minnesota Rules part 7820.3500 (K) and a variance to Minnesota Rules part 7825.2600 for one year following the issue date of the Commission's Order in this matter.
7. Effective January 1, 2012, require MP to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012, by customer. Direct MP in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre-and post-January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used, by customer. This pre- and post- information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of DOC.
8. Find that issues of interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for newly-exempt CIP customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as well as other related issues, will be addressed *In the Matter of the Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31*, in Docket No. E, G-999/CI-11-1149.
9. Require MP to continue to recover CIP-related expenses for periods prior to January 1, 2012 from newly-exempt CIP customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as discussed above. Any CIP-related expenses recovered from the newly-exempt customers could be subject to true-up and refund at some future time.
10. Find that MP's Rider for Conservation Program Adjustment does not provide for exemption from conservation improvement program charges for Large Customer Facilities, as defined in 216B.241, subd. 1 (i) (2). Direct the Company to file, for Commission review and approval, revised tariffs governing the application of conservation improvement charges for Large Customers Facilities which may be exempted by the Commissioner of the DOC. These can be filed separately from the other compliance tariff filings required by the Commission in this docket.
11. Approve MP's continued use of the Per kWh method for the allocation and recovery of CIP costs for the CCRA. Approve a CCRA of \$0.002796 per kWh to be implemented as early as the first billing cycle in the next full month after Commission approval, conditioned on the Company submitting, within 10 days of the issue date of the Order in

the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

12. Deny the Chamber's request to require utilities to remove the net benefits associated with capacity savings from CIP programs in the determination of their DSK< financial incentive.
13. Deny the Chamber's request to require all utilities to use the E8760 allocation factor to allocate CIP costs for both the CCRC and the CCRA.
14. Require MP to file within 60 days of the issue date of the Order in the present docket, a compliance filing with all compliance information required above, including tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

The motion passed, 5-0.

G-007/M-11-406

In the Matter of the Petition by Minnesota Energy Resources (MERC)-NMU for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive and Conservation Cost Recovery Adjustment

G-011/M-11-407

In the Matter of the Petition of Minnesota #Energy Resources (MERC) – PNG for Approval of its 2010 CIP Tracker Account, DSM Financial Incentive and Conservation Cost Recovery Adjustment

Commissioner O'Brien moved that the Commission take the following actions, without prejudice to any decisions the Commission may make in Dockets 10-407 and 10-409:

1. Effective January 1, 2012, require MERC to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012, by customer. Direct MERC in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre-and post-January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used, by customer. This pre- and post- information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of DOC.
2. Find that issues of interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for newly exempt CIP customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as well as other related issues, will be addressed In the Matter of the

Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, in Docket No. E, G-999/CI-11-1149.

3. Require MERC to continue to recover CIP-related expenses for periods prior to January 1, 2012 from newly-exempt CIP customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as discussed above. Any CIP-related expenses recovered from the newly-exempt customers could be subject to true-up and refund at some future time.

The motion passed, 5-0.

ET6125/RP-08-846

In the Matter of Basin Electric Power Cooperative's 2008 Resource Plan for the Years 2006-2021

Commissioner Boyd moved that the Commission:

1. The due date of Basins' integrated resource plan is extended until January 1, 2013.
2. Basin shall file any necessary Notice of Changed Circumstances under Minnesota Rules, part 7843.0500.
3. The Commission accepts Basin's agreement to file an analysis of the applicability of Minn. Stat. § 216H.03 to the Dry Fork Station no later than February 1, 2012.

The motion passed 5-0.

E002/M-11-801

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of a Power Purchase Agreement with Zephyr Wind, LLC, Moriah Wind, LLC and Chinook Wind, LLC

Commissioner Wergin moved that the Commission:

1. Approve the PPAs between Xcel and Chinook Wind, LLC, Moriah Wind, LLC and Zephyr Wind, LLC, respectively, jointly referred to as Community Wind South.
2. Find that the Community Wind South project is an eligible energy technology under Minn. Stat. § 216B.1691.
3. Allow Xcel to recover costs associated with the PPAs between Xcel and Chinook Wind, LLC, Moriah Wind, LLC and Zephyr Wind, LLC, respectively (jointly referred to as Community Wind South), through the fuel clause rider under Minn. Stat. § 216B.1645.

4. Require Xcel to report in its monthly fuel clause findings and AAA filings the date and duration of any curtailment event, the amount of any curtailment payment to Chinook Wind, LLC, Moriah Wind, LLC or Zephyr Wind, LLC, and an explanation of the reasons for any curtailment.
5. Require Xcel to notify the Commission if and when there is an ownership change in Chinook Wind, LLC, Moriah Wind, LLC and/or Zephyr Wind, LLC.
6. Find that the Community Wind South wind project will provide 30 MW of the 60 MW of wind generation Xcel is required to purchase under the terms of the Commission Order issued July 13, 2004, in Docket No. E002/CN-01-1958.

The motion passed 5-0.

The meeting was adjourned.

APPROVED BY THE COMMISSION: February 22, 2012

A handwritten signature in black ink that reads "Burl W. Haar". The signature is written in a cursive, flowing style.

Burl W. Haar, Executive Secretary