

The Commission met on **Thursday, April 29, 2010** with Chair Boyd and Commissioners O'Brien, Pugh, Reha, and Wergin present.

The following matters were taken up by the Commission:

## **ENERGY AGENDA**

### **IP-6839/WS-10-119**

#### **In the Matter of the Application of Oak Glen Wind Farm, LLC for a Site Permit for a 44 MW Large Wind Energy Conversion System Project in Steele County**

Commissioner Wergin moved that the Commission take the actions set forth below:

1. Make a preliminary determination that a draft site permit may be issued.
2. Approve the proposed draft site permit for the Oak Glen Wind Farm for distribution and public comment. Authorize OES EFP staff to implement the public participation process found in Minnesota Rules 7854.0900.
3. Note in the order that the issues of noise, sub-audible noise, shadow flicker, and the impact of the proposed project on non-participating landowners should be considered and addressed as those issues relate to setback requirements and other siting considerations.

The motion passed 5-0.

### **E-6675/MC-10-224**

#### **In the Matter of the Application by ITC Midwest, LLC for a Minor Alteration to the Hayward to Worth 161-kV Transmission Line in Freeborn County, Minnesota**

Commissioner Reha moved to authorize the minor alteration requested subject to all conditions recommended by the OES EFP staff in their comments and recommendations of April 15, 2010.

The motion passed 5-0.

### **U-999/R-06-212**

#### **In the Matter of Possible Amendments to the Rules of Practice and Procedure, Minnesota Rules, Chapter 7829, to Set New Notice Requirements for Certificate of Need Applications for Pipelines**

Commissioner Pugh moved to approve the rules draft presented by staff with the changes they recommended and to authorize staff to take the necessary steps to continue the rulemaking process.

The motion passed 5-0.

**G-004/M-10-63**

**In the Matter of a Request by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc, for Approval of an Interstate Natural Gas Pipeline Refund Plan and a Variance Request to Minnesota Rules, part 7825.2700, subp. 8**

Commissioner Wergin moved to take the actions set forth below:

1. Approve Great Plains' proposed refund plan for firm and small interruptible customers, including the continued application of the appropriate prime interest rate on the unrecovered Kansas ad valorem tax refund balances until the balances are fully refunded and the submission of a compliance filing to the Commission within 15 days of the balance being fully refunded with details of interest and balance calculations.
2. Approve the requested variance to Minnesota Rules part 7825.2700, subpart. 8, to allow the Company to return the Kansas ad valorem tax refund to firm and small interruptible customers via the Company's GCR adjustment, rather than customer bill credits, over the period September 1, 2010 through August 30, 2011.
3. Require Great Plains to issue bill credits for the Kansas ad valorem tax refund, with interest, for large interruptible customers within 10 days of the Commission's *Order* in the present docket.
4. Grant Great Plains a variance regarding the 90-day refund requirement, as specified in Minnesota Rules part 7825.2700, subpart 8.
5. Require Great Plains submit a compliance filing, within 10 days of issuing the large interruptible customer refunds via bill credits discussed above, indicating the overall refunds (including interest) for large interruptible customers.

The motion passed 5-0.

**G-008/M-10-215**

**In the Matter of a Request by CenterPoint Energy for Approval of a Miscellaneous Rate Change Related to Transportation Service Daily Balancing Charges**

Commissioner Reha moved to take the following actions:

1. Approve CenterPoint Energy's proposed daily balancing charges, as identified in Table 1 of the April 1, 2010 OES comments and recommendations, effective on the first day of the next month following the Commission's *Order* in the present docket for gas service rendered by the Company on or after that date.
2. Require CenterPoint Energy to submit, as a compliance filing within 10 days of the date of the order in this case, the relevant tariff sheets that comply with the Commission's determination on this matter.

The motion passed 5-0.

**G-022/D-10-78**

**In the Matter of the Petition of Greater Minnesota Gas, Inc. for Approval of Depreciation Certification**

Commissioner Pugh moved to take the actions set forth below

1. Approve GMG's proposed average service lives, salvage rates, and resulting annual depreciation rates except for Town Border Station Equipment, Distribution Regulators, Meters, Commercial Regulators, and Computer Equipment. For these accounts approve the following average service lives, salvage values, and resulting depreciation rates with all rates being effective January 1 ,2010:

<b>FERC Description</b>	<b>Average Service Life</b>	<b>Salvage Value</b>	<b>Annual Depreciation Rate</b>
378 Town Border Station Equip	42	-21%	2.88%
378 Distribution Regulators	42	-21%	2.88%
381 Meters, Residential	30	0%	3.33%
381 Meters, Commercial	30	0%	3.33%
383 Regulators, Commercial	42	-35%	3.21%
391 Computer Equip.	6	0%	16.67%

2. Approve the depreciation rates, net salvage rates and average service lives as proposed by the Company effective January 1, 2010.

3. Require GMG to include five years of information beginning with the year 2009 in the Company's next depreciation study, by primary FERC account and year, regarding the following for plant in service:

- beginning balance;
- additions;
- retirements;
- adjustments;
- transfers; and
- ending balance.

4. Require GMG to include five years of information beginning with the year 2009 in the Company's next depreciation study, by primary FERC account and year, regarding the following for the reserve:

- beginning balance;
- accruals;
- gross salvage
- retirements;
- removals;
- transfers and adjustments; and
- ending balance.

5. Put GMG on notice that upon the sale of equipment, the Company should include the gain or loss in the depreciation reserve rather than in the income statement.
6. Require GMG to file its next five-year depreciation study by August 1, 2014.

The motion passed 5-0.

**E-002/M-10-161**

**In the Matter of Xcel Energy's Petition for Approval of Replacement Power Purchase Agreement with WM Renewable Energy, LLC**

Commissioner Reha moved that the Commission take the following actions:

1. Approve the PPA with WM Renewable Energy, LLC;
2. Require Xcel to provide the Commission with an update on whether Xcel intends to cancel the PPA if the power purchased under the PPA would no longer qualify for the RES.
3. Require Xcel to report on any curtailments of power from the facility, including the reasons for any such curtailments and amounts paid, in Xcel's monthly fuel clause adjustment filings.

The motion passed 5-0.

**E-111/GR-09-175**

**In the Matter of the Application of Dakota Electric Association for Authority to File, Establish, and Make Effective Revised Rates for the Sale of Electricity**

**E-111/GR-09-175**

**In the Matter of the Application of Dakota Electric Association for Authority to File, Establish, and Make Effective Revised Rates for the Sale of Electricity**

Commissioner Wergin moved that the Commission:

1. Approve the proposed adjustments to rate base with the resulting rate base being \$161,221,972.
2. Approve the proposed adjustments to operating income with the resulting operating income being \$5,151,874.
3. Approve Dakota Electric's sales forecast and require it in future rate cases to be consistent in its use and source of weather data.
4. Approve a capital structure with an equity ratio of 44.61 percent and a long-term debt ratio of 55.39 percent as proposed by the OES and recommended by the ALJ.

5. Find that Dakota Electric’s proposed cost of debt (5.81%) is appropriate for rate setting and make revisions to ALJ findings #65-67 and 70-71 as requested by Dakota Electric.
6. Adopt the OAG’s recommendation requiring Dakota Electric to, in its next rate case, demonstrate that its long-term interest expense is prudently incurred. This demonstration must include data of rates offered by other lenders.
7. Determine that the appropriate return on common equity is 6.26%, as proposed by Dakota Electric, the OES, and recommended by the ALJ.
8. Find that a CCOSS cannot precisely determine the actual costs of serving each rate class but is appropriate as a starting point for setting rates.
9. Require Dakota Electric, in its next rate case, either to use the minimum-size method to classify distribution accounts, or provide such an analysis to support the outcome of the zero-intercept method.
10. Determine that Dakota Electric’s CCOSS, and energy cost adjustment, appropriately reflects wholesale energy costs to customer classes.
11. Adopt the revenue apportionment and increase proposed by Dakota Electric and the OES as follows:

<b>Class</b>	<b>Proposed Revenue % of Total</b>	<b>Apportionment Increase</b>
Residential & Farm (31, 32, 53)	56.7%	6.0%
Small General Service (41)	3.3%	9.7%
Irrigation (36)	0.5%	9.7%
General Service (46, 54)	25.4%	1.9%
C&I Interruptible (70, 71)	13.1%	(6.7)%
Lighting	1.0%	10.0%

The above revenue apportionment and increase includes tariff changes to minor services, including but not limited to municipal civil defense, geothermal heat pump, security lighting, as identified in ALJ Finding of Fact 98.

12. Specify that, unless otherwise indicated, any changes to a customer class be reflected as proportionate changes to each of the individual components of the customer class.
13. Require that any percentage values used in revenue apportionment be calculated to, at a minimum, a level of 4 decimal places.
14. Approve Dakota Electric’s proposed rates for Irrigation Class.
15. Adopt the monthly customer charges proposed by Dakota Electric and recommended by the OES.

16. Adopt the ALJ's recommendation and approve the line extension charges. Require Dakota Electric to report to the Commission, in its next rate case, any increase in the number of overhead extensions.
17. Approve DEA's proposed special service fees as recommended by the OES and the ALJ.
18. Adopt the ALJ's recommendation and approve the proposed changes with respect to closing tariffs for new customers for lighting.
19. Adopt Dakota Electric's proposed corrections to ALJ Findings #19, 31, 33, 58, 64, 78, 87, and 107 as listed on page 5, Section V of the company's April 20<sup>th</sup> Exceptions.
20. The final order in this docket shall contain summary financial schedules including: a calculation of Dakota Electric's authorized cost of capital, a rate base summary, an operating income statement summary, a gross revenue deficiency calculation, and a statement of the total allowed revenues.
21. Direct the parties to work with Commission staff to prepare such schedules for inclusion in the Order, should modifications be necessary to reflect the Commission's final decision.
22. Require Dakota Electric to make the following compliance filings within 30 days of the date of the final order in this docket:
  - A. Revised schedules of rates and charges reflecting the revenue requirement and the rate design decisions herein, along with the proposed effective date, and including the following information:
    1. Break down of Total Operating Revenues by type.
    2. Schedules showing all billing determinants for the retail sales (and sale for resale) of electricity. These schedules shall include but not be limited to:
      - a. Total revenue by customer class.
      - b. Total number of customers, the customer charge and total customer charge revenue by customer class.
      - c. For each customer class, the total number of energy and demand related billing units, the per unit energy and demand related cost of energy, and the total energy and demand related sales revenue.
    3. Revised tariff sheets incorporating authorized rate design decisions.
    4. Proposed customer notices explaining the final rates, the monthly basic service charge, and if increased, the reason for the increase.
  - B. A revised Resource Tax Adjustment base factor, supporting schedules, and revised Resource Tax Adjustment tariffs to be in effect on the date final rates are implemented.

- C. A summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented.
- D. Copies (revised as necessary) of all standard customer service agreements and contracts for inclusion in Dakota Electric's tariff book.
- F. Comments from parties (including OES and OAG) on all compliance filings shall be filed within 30 days of the date filed.

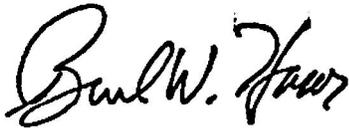
**E-001/PA-07-540**

**In the Matter of the Joint Petition for Approval of Transfer of Transmission Assets of Interstate Power and Light Company to ITC Midwest, LLC**

The Commission received a status report from ITC Midwest on the transmission system in Interstate Power and Light Company's Service Territory.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: JULY 14, 2010**



---

**Burl W. Haar, Executive Secretary**