

The Commission met on **Thursday, January 26, 2012**, with Chair Anderson and Commissioners Boyd, O'Brien, and Reha present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-999/M-11-212

In the Matter of the 2011 Lifeline Verification Results

Commissioner Boyd moved that:

1. The Commission accept the reports reflecting the 2011 Lifeline verification survey results.
2. MTA shall continue implementation and expansion of the electronic verification process and submit a status report on its efforts by September 1, 2012.
3. The Commission approve the sampling sizes for the 2012 surveys.
4. In their 2012 filings, Century Tel of Northwest Wisconsin, Interstate Telecom Cooperative, Starbuck Telephone Company and Winnebago Cooperative Telecom Association shall report the number of affected customers that may have been mistakenly removed from Lifeline due to sampling conduct inconsistent with Item 2 of the Lifeline verification procedures and shall also report related restitution efforts.

The motion passed 4 – 0.

ENERGY AGENDA

ET2/TL-08-712

In the Matter of the Route Permit Application for the Southdale to Scearcyville 115 kV Transmission Line and Breaker Station

Commissioner Reha moved that the Commission grant the permittees' request to make minor alterations to the approved route and issue a permit amendment authorizing:

1. Deviation 1, as depicted on Maps 1 and 1a; and
2. Deviation 2, as depicted on Maps 2 and 2a.

The motion passed 4 – 0.

E-6465/WS-05-1220

In the Matter of the Request for Approval of Transfer of the Site Permit for the Jeffers Wind Energy Center to Jeffers Wind 20, LLC

Commissioner Boyd moved that the Commission take no action on the request and that the Commission order:

5. Jeffers Wind 20 shall identify, within 10 days by eFiling, a representative who will be responsible for compliance reporting, including, but not limited to, the collecting and transmitting of complaints to the Commission.
6. The representative identified by Jeffers Wind 20 shall meet (directly or via teleconference) with Energy Facilities Permitting staff to review compliance reporting requirements of the permit, as amended to reflect:
 - a. The Commission's electronic docketing system (eDockets).
 - b. Current Large Wind Energy Conversion System reporting requirements for project energy production and wind resource use.
7. Jeffers Wind 20 shall submit to the Commission, within 60 days, the as-built plans and specifications for the Jeffers Wind Energy Center.
8. Jeffers Wind 20 shall submit to the Commission an informational filing, within 30 days, summarizing the construction and operational activities at the Jeffers Wind Energy Center since permit issuance in September 2005. This summary shall include, but not be limited to, milestones and challenges encountered in constructing and operating the project; surveys, plans, and studies conducted; and complaints received and addressed.
9. Jeffers Wind 20 shall confirm that it intends to comply with the Department's proposed amended site permit.

The motion passed 4 – 0.

E-017/D-11-886

Otter Tail Power Company's 2011 Annual Review of Depreciation Certification

Commissioner Boyd moved that the Commission:

1. Certify the proposed service lives, proposed salvage values, and proposed depreciation rates from Otter Tail Power's (OTP's) 2011 Depreciation Study;
2. Require OTP to provide the comparison of its last rate case's short term peaking capacity costs to the peaking capacity costs of the new generators once OTP decides on the peaking option it will pursue;
3. Require OTP to file its next annual depreciation study by September 1, 2012
4. Require OTP to file a five-year depreciation study by September 1, 2013;

5. Require OTP to include in future depreciation filings a table comparing asset lives used for the purposes of the Company's resource planning with the remaining lives proposed in the depreciation filings, explaining any differences.

The motion passed 4 – 0.

E-015/M-11-938

Minnesota Power Request for Approval of Power Purchase Agreement with Manitoba Hydro Company

Commissioner O'Brien moved that the commission:

1. Approve the proposed power purchase agreement; and
2. Require Minnesota Power to file a report within one year of the date of the Order on this matter and annually thereafter until the start of the agreement. The annual report must provide an update on various significant milestones achieved regarding the new hydraulic generating facilities and the new major transmission facilities.

The motion passed 4 – 0.

E, G-999/CI-00-1343

In the Matter of an Investigation into Disclosure of Environmental Information to Utility Customers

E, G-999/CI-01-1127

In the Matter of an Investigation into Informing Customers of the Costs of Generation and Delivery of Electricity

Commissioner Reha moved that the Commission:

1. Require electric utilities to modify their communication pieces (brochure and website) to disclose environmental information and electric generation, transmission and distribution costs to customers in the following manner:
 - A. Include the year in the title of tables;
 - B. Exclude dollar figures for the table that ranks electricity supply by cost;
 - C. Include a statement that tells the customer the average increase in monthly costs to be paid by the customer if enrolled in the utility's green power program;
 - D. Exclude a chart addressing energy efficiency, but include information on reducing energy use and energy conservation;
 - E. Continue to include a chart comparing the utility's emissions to a regional average;

- F. Require Xcel Energy to expand its nuclear waste statement to include the amount of nuclear energy produced in the past year in a relatable manner to the customer, such as the average customer's kWh usage;
 - G. Exclude the customization of each bill to show emissions created by each customer's electric consumption;
 - H. Exclude a table referencing reliability and other reliability information;
 - I. Update data used for a description regarding where air emissions are generated;
 - J. Update environmental and emissions data using the most recent information provided by the Minnesota Pollution Control Agency; and
 - K. Require utilities to merge information provided in the environmental brochure and the cost of generation and delivery brochure into one brochure.
2. Not allow utilities to display electricity generated from a renewable generation source as renewable energy if the renewable energy certificates associated with the renewable generation source have been sold or transferred (as tracked by the Minnesota Renewable Energy Tracking system (M-RETS)).
 3. Approve each of the utility compliance filing regarding each utility's respective draft combined environmental disclosure brochure and cost of generation and delivery brochure.
 4. Delegate to the Department the task of reconvening all Minnesota regulated electric utilities within six months from the date of the Commission order in this matter to further re-evaluate the method by which energy efficiency is addressed.

The motion passed, 4-0.

Docket No. G-008/M-07-561

In the Matter of CenterPoint Energy's Request for Changes in Demand Entitlements

Commissioner Boyd moved that the Commission:

10. Approve CenterPoint Energy's proposed level of demand entitlement and design day without endorsing the Company's design-day methodology.
11. Authorize recovery of the associated demand cost under the Natural Gas Pipeline Company of America (NGPL) storage contract effective May 1, 2007 and the recovery of associated demand costs under the Northern Natural Gas Company capacity contract effective November 1, 2007.
12. Require CenterPoint to provide evidence substantiating its design-day study methodology in future demand entitlement filings.

13. Require CenterPoint to comply with the Data Practices Act and the Commission's established procedures for the filing of trade secret data in future filings.
14. Within 60 days of the date of the Commission's Order, require CenterPoint to submit a supplemental filing, in Docket No. G-008/M-11-1078, that includes a discussion and analysis of how the excess entitlements occurred and how the Company expects to resolve the problem, as well as any proposals regarding curtailment of the interruptible customers while the excess exists.
15. Approve CenterPoint's proposal to allocate 65.69 percent of NGPL storage costs to firm and small volume dual fuel customers based on sales volumes, with the remaining 34.31 percent to be included in commodity costs and allocated to all sales customers based on sales volumes.
16. Require CenterPoint shall to allocate 75 percent of the reservation fees to demand costs and 25 percent to commodity costs.
17. Determine that CenterPoint's cost allocation changes for storage costs and producer reservation fees are effective as of November 1, 2011.
18. Within 60 days of the date of the Commission's Order, require CenterPoint to update its 2011 Demand Entitlement Filing, in Docket No. G-008/M-11-1078, to reflect the Commission's decisions contained herein.
19. Require CenterPoint to include, in its next Demand Entitlement Filing, a quantification of the bypass issue.

The motion passed 4-0.

G-008/M-09-648

In the Matter of a Request by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Approval of a Change in Demand Units Effective June 1, 2008

G-008/M-08-1307

Request by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Approval of a Change in Demand Units Effective November 1, 2008

G-008/M-09-1260

In the Matter of a Request by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Approval of a Change in Demand Units Effective November 1, 2009

Commissioner Boyd moved that the commission:

1. Approve in Docket 09-648 CenterPoint Energy's proposed additional NGPL storage capacity;
2. Approve in Docket 09-648 recovery in the purchased-gas adjustment of the demand portion of the storage costs effective June 1, 2008 and the commodity portion when the storage gas is withdrawn;

3. Approve in Docket 08-1307 CenterPoint's proposed level of demand entitlement without endorsing the Company's design-date methodology;
4. Approve in Docket 08-1307 the recovery of associated demand costs effective November 1, 2008 and December 1, 2008;
5. Approve in Docket 09-1260 CenterPoint's proposed level of demand entitlement without endorsing the Company's design-date methodology;
6. Approve in Docket 09-1260 CenterPoint's proposed removed of all capacity release from the purchased-gas adjustment at this time;
7. Approve in Docket 09-1260 the recovery of associated demand costs effective November 1, 2009; and
8. Require CenterPoint to provide evidence substantiating its design-day study methodology in future demand entitlement proceedings;

The motion passed 4 – 0.

E-001/M-11-143

In the Matter of Interstate Power and Light Company's Petition for Approval of its 2011 Annual Depreciation Study

Commissioner Boyd moved that the Commission:

1. Require IPL to provide in its next annual depreciation filing basic information related to its depreciation study in a format acceptable to the Department including:
 - A. Proposed changes in lives and salvage rates;
 - B. Overall financial impact of those changes on the total Company and Minnesota jurisdiction;
 - C. Reasons for each change in its depreciation filing, and a table comparing remaining lives used for depreciation purposes and the lives used for resource planning purposes, including explanations of any differences between the two lives; and
 - D. An update to the Department and Commission on the status of the Company's generating units, reflecting depreciation lives consistent with capital structure.
2. Approve IPL's annual depreciation study as recommended in the Department's reply comments of December 22, 2011, such that:
 - A. The rates are subject to change for the results of the Company's final decision in its ongoing rate case (E-001/GR-10-276);
 - B. Approve IPL's remaining lives as proposed, existing salvage values, and resulting depreciation rates except for those units specified below;

- C. Deny IPL's proposed depreciation rates and related depreciation expense associated with Lansing Unit 3 and Fox Lake Unit 1;
 - D. Approve a 2014 retirement date for Dubuque Generating Station Units 3 and 4;
 - E. Approve a 2014 retirement date for Sutherland Generating Station Unit 1;
 - F. Deny IPL's request to extend the remaining lives for Neal Unit 3 and Neal Unit 4 until planned capital expenditures have been made;
 - G. Deny IPL's request to extend the remaining life of Ottumwa until planned capital expenditures have been made.
- 3. Approve the annual depreciation study remaining lives and salvage values and resulting rates of depreciation to become effective January 1, 2011.
 - 4. Require IPL to file its next annual depreciation study on or before July 1, 2012.

The motion passed, 4-0.

ET-10/RP-10-735

In the Matter of Missouri River Energy Service's Integrated Resource Plan, for the years 2011 – 2025

Commissioner Boyd moved that the Commission:

- 1. Accept Missouri River Energy Service's Integrated Resource Plan subject to the conditions below, and find that MRES's energy and peak load forecasts are reasonable and may be used in any other process such as a certificate of need application, if needed.
- 2. Accept MRES's Notice of Changed Circumstances as consistent with the recommended resource expansion plans of MRES and the Department.
- 3. Encourage MRES to meet the 1.5 percent energy savings goal in a cost-effective manner.
- 4. Recommend that MRES include CO₂ and externality values in its base case in its next resource plan.
- 5. Recommend that MRES consider adding additional resources to reduce reliance on market purchases.
- 6. Recommend that MRES consider additions of wind resources before 2015, if lower cost wind is available.
- 7. Recommend that MRES consider adjustments to the load shape profiles used in its resource planning model to better correspond to demand and energy forecasts.
- 8. Require MRES to file its next Integrated Resource Plan by July 1, 2016.

9. Require MRES to file a status update on its demand-side management and distributed generation efforts, as well as a report updating the Commission on the effect of federal environmental regulations on MRES, by July 1, 2014.

The motion passed 4 – 0.

E-001/RP-08-673

In the Matter of Interstate Power and Light's 2011 – 2025 Integrated Resource Plan

Chair Anderson moved that the Commission:

1. Approve Interstate Power and Light's Integrated Resource Plan subject to the conditions below.
2. Find that approving this resource plan does not extend to particular generation projects that are currently under review in other proceedings or will be subject to review under future proceedings. Instead, it is a general finding that the plans filed by Interstate Power and Light appear to be reasonable.
3. Require IPL to consider wind additions averaging about 100 MW annually, provided that:
 - a. The Company shall use a bidding process; and
 - b. the bidding process results in a reasonable price.
4. Require IPL to meet with the Department to discuss forecasting issues.
5. Require IPL to include in its base case a CO₂ cost at the mid-point of the Commission-approved range for subsequent resource plans.
6. Approve IPL's proposed 1.4 percent DSM energy savings target for resource planning purposes.
7. Find that IPL's proposed level of long-term market reliance (long-term defined as years 2015 – 2025) is unreasonable for planning purposes.
8. Require IPL to consider a renewal of the power purchase agreement with DAEC, provided that the price is reasonable.
9. Require IPL, within nine months of the date of the order, to file a baseload diversification study. Require IPL to include with the baseload diversification study:
 - a. specify the costs of environmental controls on each of IPL's Tier 1 units, the environmental controls to be used, the in-service dates, and the regulations with which they are intended to comply;
 - b. justify its assumptions regarding heat rates and availability over time at its generating units, with a specific emphasis on the operational performance of its Tier 2 coal units; and

- c. run contingencies for coal of +30 percent, +20 percent, +10 percent, and -10 percent of their base assumptions, and contingencies for a broad range of natural gas prices.
10. Require IPL, within nine months of the date of the order, to make a compliance filing regarding the Company's plans for their Tier 2 units that justifies IPL's decision and incorporates a revised analysis of IPL's future resource mix. Require IPL to include a flood risk assessment of the Company's Prairie Creek units provided IPL expects to continue their operation, in their Tier 2 unit analysis.
11. Require IPL to file a notice of changed circumstances regarding the status of its DAEC power purchase agreement within 30 days after a decision is reached, but no later than the time of its next resource plan filing. Require IPL to also file with the Commission, as they become available: information concerning responses to power purchase requests for proposals, the outcome of power purchase request for proposals, and any related Iowa filings.
12. Require IPL in its next resource plan to:
 - a. justify its assumptions regarding heat rates and availability over time at its generating units, with a specific emphasis on the operational performance of its Tier 2 coal units;
 - b. provide detailed information regarding environmental control proposals, their costs, and the regulations for which they are needed to comply;
 - c. run contingencies for coal of +30 percent, +20 percent, +10 percent, and -10 percent of their base assumptions, and contingencies for a broad range of natural gas prices.
 - d. incorporate its demand response study and include the potential for demand response capacity savings in Minnesota within its scenario analyses.
13. Require IPL to make its next resource plan filing on or before November 1, 2013.

The motion passed 4 – 0.

The meeting was then adjourned.

APPROVED BY THE COMMISSION: March 28, 2012



Burl W. Haar, Executive Secretary