

The Commission met on **Wednesday, July 17, 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-212, E-100/SA-13-469

In the Matter of the Joint Request of Benson and Agralite Electric Cooperative for Approval to Modify Electric Service Territory Boundaries

Commissioner Wergin moved to approve the requested service territory exchange.

The motion passed, 5-0.

ET-6133/RP-11-771

In the Matter of Minnesota Municipal Power Agency's Application for Integrated Resource Plan Approval

Commissioner Boyd moved to grant a five month variance, until January 1, 2014, to the MMPA for the filing of its third integrated resource plan.

The motion passed, 5-0.

G-011/M-10-407

In the Matter of a Petition by Minnesota Energy Resources Corporation-PNG for Approval of its 2009 CIP Tracker Account, DSM Financial Incentive, and CIP Adjustment Factor

G-007/M-10-409

In the Matter of a Petition by Minnesota Energy Resources Corporation-NMU for Approval of its 2009 CIP Tracker Account, DSM Financial Incentive, and CIP Adjustment Factor

Chair Heydinger inquired whether any Commissioner wished to move to reconsider the Commission's May 9 order in this case. Since no motion was made, she stated that the petition for reconsideration was denied by operation of law.

G-999/AA-11-793

In the Matter of the Review of the 2010-2011 Annual Automatic Adjustment Reports and Annual Purchased Gas Adjustment True-up Filings

G-004/AA-11-876

In the Matter of the Review of Great Plains Natural Gas Company's 2010 - 2011 True-up Filing

G-001/AA-11-889

In the Matter of the Review of Interstate Power and Light Company's 2010 - 2011 True-up Filing

G-011/AA-11-892

In the Matter of the Review of Minnesota Energy Resources Corporation-PNG's 2010 - 2011 True-up Filing

G-007/AA-11-893

In the Matter of the Review of Minnesota Energy Resources Corporation-NMU's 2010 - 2011 True-up Filing

G-002/AA-11-895

In the Matter of the Review of Northern States Power Company d/b/a Xcel Energy's 2010 - 2011 True-up Filing

G-008/AA-11-896

In the Matter of the Review of CenterPoint Energy's 2010 - 2011 True-up Filing

G-022/AA-11-901

In the Matter of the Review of Greater Minnesota Gas Inc.'s 2010 - 2011 True-up Filing

Commissioner Boyd moved to do the following:

1. Accept the annual reports for Fiscal Year End 2011 (FYE11) as filed by the gas utilities as being complete as to Minn. R. 7825.2390 through 7825.2920.
2. Require CenterPoint Energy, a division of CenterPoint Energy Resources Corp. (CenterPoint Energy), Minnesota Energy Resources Corporation (MERC), and Northern States Power Company d/b/a Xcel Energy (Xcel Gas) to continue to provide a post-mortem analysis regarding the hedging of gas prices, in a format similar to what was provided in this docket, in subsequent annual automatic adjustment (AAA) filings.
3. Greater Minnesota Gas, Inc. (GMG)
 - A. Accept GMG's FYE11 true up in Docket No. G-022/AA-11-901.
 - B. Allow GMG to implement its true up, as shown in the March 1, 2012 comments of the Minnesota Department of Commerce (DOC), Attachment G5.
 - C. Direct GMG to take prudent actions to minimize punitive daily delivery variance changes and gas costs overall.
4. Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains)
 - A. Accept Great Plains' FYE11 true up in Docket No. G-004/AA-11-876.
 - B. Allow Great Plains to implement its true up, as shown in DOC Attachment G6.
 - C. Deny cost recovery of the \$55,885 included in Great Plains' beginning cumulative true-up balance; and require Great Plains (North and South) to reduce its future true-up costs by the amount of the disallowance as a separate line item plus interest calculated at the prime rate.

5. Interstate Power and Light Company, an Alliant Energy Company-Gas Utility (Interstate Gas)
 - A. Accept Interstate Gas' FYE11 true up in Docket No. G-001/AA-11-889.
 - B. Allow Interstate Gas to implement its true up, as shown in DOC Attachment G7.
6. MERC-PNG
 - A. Accept MERC-PNG's FYE11 true ups in Docket No. G-011/AA-11-892.
 - B. Allow MERC-PNG to implement its true-up adjustments as presented in DOC Attachment G8.
7. MERC-NMU
 - A. Accept MERC-NMU's FYE11 true up in Docket No. G-007/AA-11-893.
 - B. Allow MERC-NMU to implement its true-up adjustment as presented in DOC Attachment G9.
8. CenterPoint Energy
 - A. Accept CenterPoint Energy's FYE11 true up in Docket No. G-008/AA-11-896.
 - B. Allow CenterPoint Energy to implement its true up, as shown in DOC Attachment G10.
 - C. Require CenterPoint Energy to provide the following in future AAA filings:
 - 1) The Off-System Sales by type (storage exchange, swing sales, and point exchanges) as shown in its response to Information Request No. 27, Attachment 4 in the compliance report for Docket No. G-008/GR-08-1075, *In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota (Off-System Sales)*.
 - 2) An examination of price volatility measurements that will enable it to determine whether achieved price volatilities are less than market price volatility and also whether its hedging strategies arrive at the most optimal, and reasonable, price for firm ratepayers.
9. Xcel Gas
 - A. Accept Xcel Gas' FYE11 true up in Docket No. G-002/AA-11-895.
 - B. Allow Xcel Gas to implement its true up, as shown in DOC Attachment G11.
 - C. Approve Xcel Gas' proposal to directly assign any interruptible capacity or overrun purchases associated with on-curtailment days to the interruptible classes (Docket No. E,G-002/M-09-852, *In the Matter of Xcel Energy's Request for Approval of a Proposed Accounting Treatment for a Natural Gas Capacity Use plan for Xcel's Gas distribution and Electric Generation Business Units*).
 - D. Require Xcel Gas to propose a discontinuation of the third party propane sales filing requirement in its next annual AAA filing and fully explain why Xcel Gas did not propose discontinuance sooner since the related assets and obligations were sold in 2001 (Docket No. G-002/AI-00-1702, *In the Matter of a Request by Northern State Power Company d/b/a Xcel Energy for Approval of an Affiliated Interest Agreement Between Xcel Energy and Natrogas, Inc.*).
10. Adjustment Calculations
 - A. Require all regulated gas utilities to update their annual commodity adjustments each September 1st.
 - B. Reaffirm the wording of Minn. R. 7825.2700, subp. 5, that the three year period begins at the conclusion of the utility's rate case test year.

- C. Interpret forecasted sales volumes in Minn. R. 7825.2700, subp. 7, as sales over the September through August period that the true-up adjustment is charged and require each Minnesota regulated gas utility to update its methodology, if necessary, in the first AAA filing after the final order in this docket (Docket No. G-999/AA-11-793).
- D. Interpret “total sales volume forecasted ... over a budgeted 12-month period” as it is used in Minn. R. 7825.2700, subp. 4, as any 12 month period that is updated at least annually and includes the forecast for the upcoming month for which the adjustment calculation is made.

The motion passed 5 – 0.

ET-2/RP-12-1114

In the Matter of Great River Energy's 2012 Integrated Resource Plan

Commissioner O’Brien moved as follows:

- 1. Current Resource Plan: Reject the 2012 resource plan of Great River Energy (GRE).
- 2. GRE’s Future Resource Plans:
 - A. List GRE’s evaluation of the measures identified in the Electric Power Research Institute (EPRI) study as passing the total resource cost (TRC) test that GRE does not currently include in its Conservation Improvement Program (CIP) portfolio.
 - B. Direct GRE to continue to track compliance with Minn. Stat. § 216B.1691, environmental regulations, and environmental compliance in future resource plans.
 - C. Recommend that GRE include Commission-approved carbon dioxide and externality values in its base case in its future resource plans.
- 3. Recommendations for All Certificate of Need Proceedings and Future Resource Plans:
 - A. GRE should continue to strive to meet the state’s 1.5 percent conservation goal in a cost-effective manner.
 - B. If GRE projects acquiring new, nonrenewable resources, GRE should provide a plan or plans compliant with Minn. Stat. §216B.2422, subd. 2.
 - C. GRE should consider making changes to its forecasting process that reduce adjustments. GRE shall track the *ex post facto* adjustment process in future forecasts.
- 4. Deadline for GRE’s Next Resource Plan: Acknowledge the deadline for GRE’s next resource plan as November 1, 2014, pursuant to the requirement of Minn. R. 7843.0300, subp. 2, that a resource plan be filed every two years.

Commissioner Boyd proposed amending the motion to remove Paragraph 1, and to add to Paragraph 2 the following:

- D. The Commission may consider, at the request of a party or on its own motion, extending the completeness review comment deadline in GRE’s next resource plan to review modeling assumptions listed in GRE’s initial resource plan filing as part of its completeness review.

Commissioner O'Brien accepted the amendment.

Commissioner Lange proposed amending the motion at Paragraph 2.B. as follows:

- B. Direct GRE to continue to ~~track~~ evaluate compliance with Minn. Stat. § 216B.1691, environmental regulations, and environmental compliance in future resource plans.

Commissioner O'Brien accepted the amendment.

Chair Heydinger proposed amending the motion at Paragraph 2.B. as follows:

- B. Direct GRE to continue to evaluate compliance with Minn. Stat. § 216B.1691, environmental regulations, and environmental compliance in future resource plans and alternatives to existing generation.

Commissioner O'Brien accepted the amendment.

Commissioner Lange proposed amending the motion at Paragraph 2.A. as follows:

- A. List GRE's evaluation of the measures, including those identified in the Electric Power Research Institute (EPRI) study as passing the total resource cost (TRC) test, that GRE does not currently include in its Conservation Improvement Program (CIP) portfolio.

Commissioner O'Brien accepted the amendment.

The amended motion passed 5 – 0.

Commissioner Wergin moved to accept GRE's resource plan but make no finding as to the acceptance of GRE's or other parties' forecast.

The motion failed 2 - 3; Chair Heydinger and Commissioners Lange and O'Brien voted no.

Commissioner O'Brien moved to reject GRE's resource plan.

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

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 Project

Commissioner Boyd moved to approve the minor alterations request without conditions.

The motion passed, 5-0.

E-002, ET-2/TL-08-1474

In the Matter of the Route Permit Application for a 345 kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota

Commissioner Wergin moved to approve the minor alteration request without conditions.

The motion passed, 5-0.

PL-9/CN-12-590

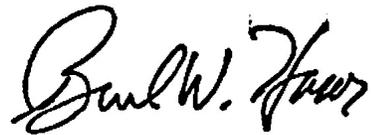
In the Matter of the Application of Enbridge Energy, Limited Partnership for a Certificate of Need for the Line 67 Station Upgrade Project in Marshall, Clearwater, and Itasca Counties, Minnesota

Commissioner Wergin moved to find that the Applicant has met the statutory and rule criteria and should be granted a certificate of need.

The motion passed, 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: August 7, 2013



Burl W. Haar, Executive Secretary