

The Commission met on **Thursday, April 18, 2019**, with Chair Sieben and Commissioners Schuerger and Tuma present.

The following matters were taken up by the Commission:

**E,G-002/S-18-654**

**In the Matter of the Petition of Northern States Power Company for Approval of its 2019 Capital Structure and Permission to Issue Securities**

Commissioner Schuerger moved to approve the proposed 2019 capital structure of Northern States Power Company d/b/a Xcel Energy (Xcel) and grant permission to issue securities by adopting the analysis and recommendations of the Minnesota Department of Commerce (Department) modified as follows:

1. Approved Xcel's requested 2019 capital structure as filed in the original Petition (including total capitalization) effective until the Commission approves Xcel's 2020 capital structure.
2. Allowed Xcel to issue securities provided that the company remain within the approved capital structure or does not go outside the approved capital structure for more than 60 days without the Commission's preapproval.
3. Required Xcel, in future capital structure filings, to provide evidence to demonstrate that any bond issuances over the preceding year were cost-competitive, including at a minimum a detailed comparative analysis to other bond issuances.
4. Continued to allow Xcel to use risk-management instruments that qualify for hedge accounting treatment under Accounting Standard Codification No. 815.
5. Continued to vary Minn. R. 7825.1000, subp. 6, to allow Xcel to treat borrowing under multi-year credit agreements as short-term debt for purposes of this capital structure.
6. Allowed Xcel to enter into financings to replace outstanding long-term debt instruments with less expensive securities, and tax-exempt financings for pollution control construction programs, provided Xcel's next capital structure filing reports on any such financings entered into and their effect on ratepayers.
7. Required Xcel to report the following information in all future capital structure filings:
  - A. A schedule showing, for various periods, the planned investment for each project.
  - B. A summary of Xcel's activity in the Utility Money Pool.

- C. Regarding NSPMN's use of multi-year credit agreements a discussion detailing how often they are used, the amount involved, rates and financing costs, the intended users of the financing, and, for any period in which Xcel sells bonds, a comparison over a six-month period of the results of all bond issuances by other utilities.
  - D. A summary of Xcel's use of risk-management instruments and the resulting effect on ratepayers.
8. Approved Xcel's 2019 revised Capital Structure contingent upon Commission approval of the Company's acquisition of Mankato Energy Center (MEC) I and MEC II in 2019 and, if approved, subject to Xcel acquiring MEC I and MEC II in 2019.

The motion passed 3–0.

**E-002/M-15-1089**

**In the Matter of the Petition of Northern States Power Company for Approval of a Credit Mechanism to Return to Customers Department of Energy Settlement Proceeds**

**E-002/M-17-828**

**In the Matter of the Petition of Northern States Power Company for Approval of the 2019-2021 Triennial Nuclear Decommissioning Study and Assumptions**

Commissioner Tuma moved to do the following:

1. Approve Xcel's compliance filing regarding the ninth settlement payment of the federal Department of Energy (DOE).
2. Authorize Xcel to issue refunds related to the ninth DOE settlement in conjunction with the 2019 Tax Cut and Jobs Act (TCJA)-related refund.
3. Require Xcel to make a compliance filing within 30 days of completing the disposition of the ninth DOE settlement funds.
4. Require Xcel to make a compliance filing that provides information and documentation consistent with the Commission's December 16, 2011 Order, Point 11, in Docket No. E-002/M-1107, within 30 days of receiving future DOE payments.

The motion passed 3–0.

**E,G-999/CI-17-895**

**In the Matter of a Commission Investigation into the Effects on Electric and Natural Gas Utility Rates and Services of the 2017 Federal Tax Act**

**E-017/GR-15-1033**

**In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota**

Commissioner Schuerger moved to do the following:

1. Approve Xcel Electric's revised refund amount of \$132,964,558.
2. Allow Xcel to add refunds related to incentive compensation from Docket Nos. 17-428 and 18-121 to the 2018 TCJA refund.
3. Order Xcel to issue one-time refunds for calendar-year 2018 by May 21, 2019.
4. Approve Xcel's 2019 refund amount of \$105,510,741.
5. Order Xcel to prospectively reset 2019 base rates by June 1, 2019.
6. Order Xcel to issue 2019 one-time refunds by October 21, 2019.
7. Order Xcel to issue refunds related to the DOE's ninth settlement payment at the same time it issues the 2019 TCJA-related refund.

Chair Sieben proposed amending Motion Paragraph 5 as follows:

Order Xcel to prospectively reset 2019 base rates by June 1, 2019,  
or as soon as practicable.

Commissioner Schuerger accepted the amendment.

The motion passed 3–0.

Chair Sieben moved to do the following:

8. Approve Xcel Gas's revised annual refund amount of \$5,626,525.
9. Order Xcel to issue one-time refunds for calendar-year 2018 by July 16, 2019.
10. Order Xcel to prospectively reset 2019 base rates by June 1, 2019, or as soon as practicable.

11. Order Xcel to issue 2019 one-time refunds for the January 1 to May 31, 2019 time period by December 23, 2019.

The motion passed 3–0.

Commissioner Tuma moved to do the following:

12. Approve Minnesota Power’s compliance filing, requiring an annual rider to refund \$9,996,852 of excess accumulated deferred income tax (ADIT), effective January 1, 2019.
13. Instruct Minnesota Power to make a compliance filing within 60 days confirming that refunds related to the 2018 excess ADIT were completed in March 2019.

The motion passed 3–0.

Chair Sieben moved to do the following:

14. Approve the proposed single Large General Service (LGS) Class rate design as detailed in the January 3, 2019, comments of Otter Tail Power Company (OTP).

The motion passed 3–0.

Commissioner Schuerger moved to do the following:

15. With the exception of the LGS Class rate design and allocation of Tax Docket rate changes decided above, approve OTP’s compliance filing and require OTP to implement the rate changes as soon as practical after the Commission’s decision, and to issue the one-time refunds two months after the rate change implementation.

The motion passed 3–0.

Commissioner Schuerger moved to do the following:

16. Approve the compliance filing of Great Plains Natural Gas (Great Plains), requiring a total annual refund of \$395,206 to be made effective by using currently authorized distribution revenues to establish and implement new base rates beginning May 1, 2019 or as soon as practical following the Commission’s order, not to exceed 60 days.
17. Approve Great Plains’ refund plan to initiate its one-time refund 90 days after the implementation of new base rates.

Commissioner Tuma proposed amending Ordering Paragraph 16 as follows:

- B. Approve Great Plains' compliance filing, requiring a total annual refund of \$395,206 to be made effective by using currently authorized distribution revenues to establish and implement new base rates beginning May 1, 2019 ~~or as soon as practical following the Commission's Order, not to exceed 60 days.~~

Commissioner Schuerger accepted the amendment.

Commissioner Schuerger amended the motion at Motion Paragraph 17 as follows:

- C. Approve Great Plains' refund plan to initiate its one-time refund ~~90~~ 120 days after the implementation of new base rates.

The motion passed 3–0.

- 18. Approve Greater Minnesota Gas' compliance filing, requiring a one-time refund and an annual adjustment to base rates of \$48,258 using the refund factor of \$0.002684 per CCF as proposed by Greater Minnesota Gas.
- 19. Approve Greater Minnesota Gas' refund plan to initiate its one-time refund following a full billing cycle after receiving Commission approval.

The motion passed 3–0.

Chair Sieben moved to do the following:

- 20. Order all utilities to make a compliance filing within 60 days of completion of each of the following, as applicable: each one-time refund(s), implementation of riders related to the 2017 Federal Tax Act, base rates revisions and implementations, and related rate and tariff book information. If as a result of revised implementation and/or effective dates, any final amounts differ from the ones approved, the compliance filings shall provide calculations and explanations for any such variances.

The motion passed 3–0.

**G-022/S-18-749**

**In the Matter of Greater Minnesota Gas, Inc.'s Petition for Approval of 2019 Capital Structure and Permission to Issue Securities**

Commissioner Tuma moved to do the following:

1. Approve the 2019 capital structure proposed by Greater Minnesota Gas, Inc. (GMG).
2. Require that GMG maintain at all times an equity ratio contingency range of at least 31.59 percent, increasing to 33.0 percent beginning March 31, 2019.
3. Require GMG on or before the 15th of each month to make a compliance filings containing a balance sheet, income statement, and cash flow statement for the first of the prior two months.
4. Approve a short-term debt contingency cap of 10 percent—that is, GMG's short-term debt is not to exceed 10 percent of its total capitalization, including the contingency, for more than 60 days.
5. Approve a total capitalization contingency of \$4.3 million above the estimated 2019 year-end total capitalization of \$43.3 million, for a total capitalization of \$47.6 million.
6. Require GMG to petition for a new securities issuance and capital structure by January 1, 2020.
7. Require GMG to propose in its next capital structure petition a plan that –
  - A. would be expected to result in a 37.0 percent equity ratio by December 31, 2020, assuming normal weather, or explain why such an increase is not possible; and
  - B. reflects the increase in GMG's minimum equity ratio from 33.0 percent to 34.0 percent beginning March 31, 2020, or explain why such an increase is not possible.
8. Require GMG to propose in its next capital structure petition a step-increase in its equity ratio floor from 34.0 percent to 35.0 percent beginning March 31, 2021, or explain why such an increase is not possible.

The motion passed 3–0.

**P-999/PR-18-194**

**In the Matter of Proposed Amendment to TAM FY 2019 Budget**

This item was removed from the Commission's agenda.

**E-015/M-18-250**

**In the Matter of Minnesota Power's 2017 Annual Service and Reporting Standards**

**E-017/M-18-247**

**In the Matter of Otter Tail Power Company's 2017 Annual Service and Reporting Standards**

**E-002/M-18-239**

**In the Matter of Xcel Energy's 2017 Electric Annual Service and Reporting Standards**

Commissioner Tuma moved to do the following:

1. Accept the 2018 Service Quality Reports from Minnesota Power, Otter Tail Power Company, and Xcel.
2. Review the forthcoming report for Minnesota Power's disconnection and Cold Weather Rule data and defer action, if any is needed, at that time.
3. In future reporting,
  - A. Request Minnesota Power to file a final report or documentation from its work with the Commission's Consumer Affairs Office in identifying and addressing challenges within the CARE (Customer Affordability for Residential Electricity) program in future annual service quality reports.
  - B. Direct utilities to consult with staff to draft a brief summary of their annual service quality and reliability metrics that is digestible and usable for general audiences.
  - C. Direct utilities to further break down the percentage of complaints that were received but not within the utilities' control (i.e., those related to efficiency providers, solar installers, or other vendors/matters) and include a short summary in their electric service quality reports due April 1, 2020.
  - D. Direct utilities to examine the definition of customer complaint as described in these briefing papers and provide a short summary of their observations and conclusions in their electric service quality reports due April 1, 2020.

- E. Direct utilities to engage in a dialogue with Commission staff and stakeholders on the Emergency Medical Account Status protection as outlined in Minn. Stat. §216B.098 subd. 5, and reported in Minn. R. 7826.1800.
4. Grant Minnesota Power's request to withdraw its Reconnect Pilot Program on the following conditions:
- A. Minnesota Power shall file an updated version of the program either as a pilot or as a final program by December 1, 2019. That filing shall include:
- The specific length of the program if it is a pilot;
  - A cost-benefit analysis and customer rate impacts as requested by the Department;
  - The estimated savings of the program on both an annual and a lifetime basis;
  - The number of customers in the program;
  - The overall number and percentage of its ratepayers who receive assistance from the Low-Income Home Energy Assistance Program (LIHEAP) ;
  - The number and percentage of remote-capable customers in the program who receive LIHEAP; and
  - The number of customers who have chosen to opt out of the program.
- B. Minnesota Power shall reach out and work with stakeholders in developing the program and shall provide a discussion of the Company's stakeholder-engagement efforts with its revised proposal.

Chair Sieben moved to amend the motion to add as follows:

Request Xcel to provide refreshed information responsive to the Commission's February 9, 2018 Order in Docket Nos. E-002/M-16-281 and E-002/M-17-249 in future annual service quality reports.

Tuma agreed to this amendment.

Commissioner Schuerger proposed to amend Motion Paragraph 2 as follows:

Review the forthcoming report as described in Minnesota Power's January 14, 2019 letter for Minnesota Power's disconnection and



Cold Weather Rule data and defer action, if any is needed, at that time.

Tuma agreed to this amendment.

Commissioner Schuerger proposed to amend Motion Paragraph 3.C. as follows:

Direct utilities to further break down and explain the percentage of complaints that were received but not within the utilities' control (i.e., those related to efficiency providers, solar installers, or other vendors/matters) and include a short summary in their electric service quality reports due April 1, 2020.

Tuma accepted this amendment.

Tuma amended his motion to accept Minnesota Power's proposal to withdraw its Reconnect Pilot Program.

The motion passed 3–0.

#### **E-002/M-19-29**

#### **In the Matter of Appeal of Independent Engineer Report for the SunShare Linden Project**

Commissioner Schuerger moved to accept the amended version of the July 17, 2019 Response to Appeal of version of SunShare, LLC (SunShare), provided in SunShare's April 5, 2019 Response, as resolving Xcel's March 26, 2019 Motion to Strike.

The motion passed 3–0.

Commissioner Schuerger moved to exclude from the record SunShare's April 17, 2019 filing under Minn. R. 7829.0420.

The motion passed 3–0.

Commissioner Schuerger moved do the following:

1. Reject the Independent Engineer Report recommendations and find that it was appropriate for Xcel to offer 3 megawatts of capacity at the Linden site based on the results of the June 27, 2017 engineering review study.

2. Order SunShare and Xcel to file the agreement as discussed in the April 18, 2019 agenda meeting by April 26, 2019, that seeks to achieve partial energization by September 30, 2019, as filed in the agreement.

The motion passed 3–0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: October 9, 2019**

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive, flowing style.

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**Daniel P. Wolf, Executive Secretary**