

The Commission met on **Thursday, January 31, 2019** with Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

**P-5502/RV-18-536**

**In the Matter of the Revocation of Association Administrators, Inc.'s Certificate of Authority**

Commissioner Lipschultz moved that the Commission revoke Association Administrators, Inc.'s Certificate of Authority.

The motion passed 4-0.

**P-6375/RV-18-540**

**In the Matter of the Revocation of Tele Circuit Network Corporation's Certificate of Authority**

Commissioner Lipschultz moved that the Commission revoke Tele Circuit Network Corporation's Certificate of Authority.

The motion passed 4-0.

**G-011/GR-10-977**

**In the Matter of an Application by Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota**

**G-011/GR-15-736**

**In the Matter of an Application by Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota**

Commissioner Sieben moved that the Commission:

1. Approve the Company's proposed revenue decoupling mechanism adjustment of \$0.01643 per therm for its Residential customers and \$0.01774 per therm for its Small C&I customers, as proposed in the Company's 2016 Calculation filed March 1, 2018.
2. Approve the Company's 2017 Annual Decoupling Evaluation Report.
3. Order the Company to file all future Annual Decoupling Evaluation Reports in separate dockets.

The motion passed 4-0.

**E-002/GR-13-868**

**In the Matter of an Application by Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota**

**E-002/GR-15-826**

**In the Matter of an Application by Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota**

Commissioner Sieben moved that the Commission:

1. Accept the Company's 2017 Decoupling Annual Report.
2. Approve the revenue decoupling mechanism factors shown in Table 4 of the Department of Commerce's April 4, 2018 comments.
3. Order the Company to file all future Decoupling Annual Reports in separate dockets.

The motion passed 4-0.

**G-999/AA-17-493**

**In the Matter of the Review of the 2016-2017 Annual Automatic Adjustment Reports and Annual Purchased Gas Adjustment True-up Filings**

Commissioner Tuma moved that the Commission:

1. Accept the FYE17 annual reports as filed by the gas utilities as being complete as to Minn. R. 7825.2390 through 7825.2920;
2. Require each utility to provide, for the next AAA report (2017-2018) the following information on unauthorized gas use for each customer that did not comply with a called interruption during the heating season;
  - a. The volume of gas consumed by the non-compliant customer during the curtailment period.
  - b. The specific commodity rate charged for the unauthorized gas used and how that rate is determined.
  - c. The financial penalty, if any, assessed by the company to the customer, including calculations in determining the penalty or penalties.
  - d. A discussion about utility communication with each customer regarding non-compliance with interruptions (excluding invoices).

3. Require each utility that hedges (including physical and financial) to continue to provide a post-mortem analysis, in a format similar to what was provided in this docket, in subsequent AAA filings;
- 3A. Require CenterPoint Energy, MEC, and Xcel Gas in their reply comments for the 2017-2018 AAA reports to provide a summary of the historical hedging costs by providing for the 2017-2018 reporting year and the 5 previous reporting years the following:
  - The annual cost of each hedging tool used both in real dollars and as a percent of their actual incurred gas costs;
  - A comparison of the hedging tool cost to that if the utility would have purchased the gas using the actual 1<sup>st</sup> of the month index pricing or any other cost comparison to companies believed would be helpful in consultation with the Department;
  - A nationally recognized index of gas price volatility for each of these years along with an explanation of the index used; and
  - A discussion of the particular companies trends in using hedging tools and how it's informed their strategy moving forward;
4. Accept GMG's FYE17 true-up as filed in Docket No. G-022/AA-17-630; and
5. Allow GMG to implement its true-ups, as shown in Department Attachment G5 of the Department's December 4, 2018, *Review of the 2016-2017 Annual Automatic Adjustment Reports* (Department's Review).
6. Accept Great Plains' FYE17 true-ups, Docket No. G-004/AA-17-650; and
7. Allow Great Plains to implement its true-ups, as shown in Department Attachments G6a and G6b of the Department's Review.
8. Accept MERC-NNG's FYE17 true-up filing in Docket No. G-011/AA-17-656; and
9. Allow MERC-NNG to implement its true-up, as shown in Department Attachment G8 of the Department's Review;
10. Accept MERC-CON's FYE17 true-up filing in Docket No. G-011/AA-17-655; and
11. Allow MERC-Consolidated to implement its true-up, as shown in Department Attachment G9 of the Department's Review;
12. Accept MERC-AL's FYE17 true-up filing in Docket No. G-011/AA-17-654 as informational; and
13. Require MERC to provide totals for Schedule Q, Third Party Damage, in future AAA Reports.

14. Require MERC to submit, within 30 days of the Commission's Order, a compliance filing outlining a plan to investigate its LUF: and
15. Require MERC to file a report on the results of its LUF investigation with its FYE19 Annual Automatic Adjustment Report on, or before September 3, 2019.
16. Accept CenterPoint Energy's FYE17 true up, Docket No. G008/AA-17-668; and
17. Allow CenterPoint Energy to implement its true up, as shown in Department Attachment G10 of the Department's Review.
18. Accept Xcel Gas' FYE17 true-up, Docket No. G-002/AA-17-657; and
19. Allow Xcel Gas to implement its true-up, as shown in Department Attachment G11 of the Department's Review.
20. Request that in its review of the FYE18 annual automatic adjustment reports, the Department evaluate Xcel Gas' findings regarding its LUF.

The motion passed 4-0.

**G-002/M-18-631**

**In the Matter of Xcel Energy's Petition for Approval of a Three-Year Variance to the Purchased as Adjustment Rules to Allow Recovery of a Storage-Related Cost of Natural Gas in the State of Kansas**

Commissioner Lipschultz moved that the Commission:

1. Grant the Company a three-year variance to Minn. Rule 7825.2400, subp. 12, to allow recovery in the PGA of ad valorem taxes related to natural gas storage for retail natural gas operations for tax years 2019, 2020, and 2021;
2. Direct the Company to include the Kansas property tax as a separate line item in its monthly PGA;
3. Require the Company to list the Kansas property tax costs and revenues as separate line items in the Annual Automatic Adjustment report and PGA True-Up filings as well as in the Company's Schedule C, Schedule D page 1 through 2 of 4 and page 4 of 4;
4. Require the Company to submit a report with its Annual Automatic Adjustment and True-Up report detailing the total amount paid to Kansas and collected from ratepayers during the gas year; and

5. Require the Company, in its next request for a variance to Minn. Rule 7825.2400, subp. 12, to provide a discussion of the storage alternatives examined and its efforts to obtain the most cost-effective storage options.

The motion passed 4-0.

**G-002/PA-18-294**

**In the Matter of Xcel Energy's Petition for Approval to Sell Two Liquid Propane Fuel Storage Tanks, Associated Equipment, and Real Property to Flint Hills Resources Pine Bend, LLC**

Commissioner Lipschultz moved that the Commission:

1. Find the appraised market value of the subject property to be reasonable and in the public interest, and approve the Asset Purchase Agreement (Attachment D to Xcel's Initial Filing) between Xcel and Flint Hills Resources Pine Bend, LLC.
2. In future asset transfer/sale petitions, require Xcel to comply with the following requirements and provide in the initial petition:
  - a. independent market-value estimates from as many multiple sources as is appropriate for the particular transaction;
  - b. for real-estate transactions, independent appraisals that Xcel examines closely and that are ideally conducted prior to significant negotiations with interested parties and updated if additional information becomes available;
  - c. whenever possible, assets should be placed into the open market for sale that can be through verifiable public sources or through an independent RFP process;
  - d. if an open-market sale, or RFP process, is not possible, a detailed discussion in the initial filing explaining why this was not possible; and
  - e. a detailed chronological timeline of the negotiation and sales process to allow for verification that the transaction was reasonably independent of the parties to the transaction.
3. Authorize Xcel to record the Flint Hills sale to FERC Account No. 182.3 (Minn. R. 7825.0300, subp. 4).
4. Deny Xcel's request to net \$557,031 of propane losses against the sale transaction's gain, and order Xcel to return the gain as a direct bill credit, based on the approved apportionment of revenue responsibility from the last general rate case and distributed evenly by customer count in each rate class.
5. Order Xcel to make a compliance filing 30 days after the close of the sale reflecting the Commission's order decisions in the final journal entries.

6. Grant a variance to Minnesota Rules 7825.1800, subpart B to allow Xcel not to provide the information set forth in Minnesota Rules 7825.1400, items F through I.
7. Authorize Xcel to recover propane delivery costs to the Sibley propane facility at the amount currently recovered in base rates and not allow further recovery of such costs (i.e., cap recovery at the amount set in Xcel's prior rate case) until the next rate case.

The motion passed 4–0.

**G-015/GR-16-664**

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

Commissioner Tuma moved that the Commission:

1. Deny the Large Power Intervenors' Petition for Reconsideration of the *Revised Refund Order*.
2. Approve Minnesota Power's Revised Interim Rate Refund Plan as filed on December 3, 2018.
3. Approve Minnesota Power's Compliance Filing with respect to all other issues addressed in this section.
4. Require Minnesota Power to submit, within ten days of the refund, a compliance filing that shows the actual refunds and interest paid by class, including the calculations.
5. Deny the Large Power Intervenors' request for a stay.

The motion passed 4–0.

**E-002/M-13-867**

**In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of its Proposed Community Solar Garden Program**

Commissioner Lipschultz moved that the Commission:

1. Exclude US Solar's reconsideration petition from the record due to untimeliness;
2. Deny the reconsideration petition of CSG Developer Group; and

3. Clarify the Commission’s November 16, 2018 order to reflect the Commission’s consideration of Xcel’s 2019 VOS filing, which is less than the rate for 2018.

The motion passed 4-0.

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

**In the Matter of Xcel Energy’s 2017 Electric Annual Service Quality Performance Report and Proposed Reliability Measures**

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

**In the Matter of Otter Tail Power Company’s 2017 Annual Safety, Reliability and Service Quality Report and Proposed SAIFI, SAIDI, and CAIDI Reliability Standards for 2018.**

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

**In the Matter of Minnesota Power’s 2018 Safety, Reliability and Service Quality Standards Report**

Commissioner Schuerger moved that the Commission:

1. Accept the Safety and Reliability portions of the annual SQR reports for Xcel Energy, Otter Tail Power, and Minnesota Power.
2. Set Minnesota Power’s Reliability Standards for 2018 at the following levels:

SAIDI 98.19  
SAIFI 1.02  
CAIDI 96.26

3. Set Otter Tail Power’s Reliability Standards for 2018 at the levels set for 2013, as follows:

<b>Work Center</b>	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
Bemidji	70.64	1.26	56.06
Crookston	69.33	1.19	58.26
Fergus Falls	66.97	1.11	60.33
Milbank	75.49	1.82	41.48
Morris	55.78	1.01	55.23
Wahpeton	57.24	1.13	50.65
All MN Customers	64.95	1.13	57.48

4. Set Xcel’s Reliability Standards for 2018 at the following levels:

<b>Work Center</b>	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
Metro East	82.69	0.83	99.93
Metro West	85.17	0.83	102.46
Northwest	89.82	0.79	113.45
Southeast	99.16	0.74	131.46

5. Require the utilities to report the following, on an ongoing basis:
- Non-normalized SAIDI, SAIFI, and CAIDI values.
  - SAIDI, SAIFI, and CAIDI values calculated using the IEEE 2.5 beta method.
  - CEMI – at normalized and non-normalized outage levels of 4, 5, and 6.
  - CELI – at intervals of greater than 6 hours, 12 hours, and 24 hours.
  - CELI.
  - Estimated restoration times.
  - IEEE benchmarking.
  - Performance by customer class.
  - More discussion of leading causes of outages and mitigation strategies.
6. Require Minnesota Power, Otter Tail Power, and Xcel Energy, to file in their reports due April 1, 2019, a discussion of how grid modernization initiatives could impact reliability metrics and what technologies are needed to advance tracking additional metrics.

The motion passed 4-0.

**E-002/M-13-867**

**In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program**

Commissioner Schuerger moved that the Commission:

- Adopt the calculation of Northern States Power Company d/b/a Xcel Energy (Xcel) of a system-wide 2019 value of solar (VOS) rate, including the correction to the historical Consumer Price Index inflation adjustment, with the following modifications.

*Solar PV generation capacity factor*

- Find that Xcel has not provided sufficient explanation at this time to support a transition from the use of utility fleet simulated production data to actual production data in determining the capacity factor for the 2019 VOS rate, and require Xcel to continue the use of utility fleet simulated production data in its calculation of the capacity factor.



3. Direct Xcel to provide additional explanation and support for a transition to the use of actual production data in determining the capacity factor in the VOS methodology, including consideration of a more representative implementation based on a larger group of Community Solar Gardens (CSGs) over multiple years.

*Avoided distribution cost component*

4. Ask the Minnesota Department of Commerce (the Department) and Xcel to obtain more stakeholder input on the proposed alternative method for calculating the avoided distribution cost component. Require Xcel to file a more fully developed proposal no later than May 1, 2019.

*Location-specific avoided distribution costs*

5. Ask the Department to continue its stakeholder process and to file a proposal or update on progress for a location-specific avoided cost methodology, informed by additional stakeholder input, by the end of the year.

*Procedural considerations*

*Changes to the VOS annual review process*

6. Require Xcel in each of its annual VOS update filings to do the following:
  - A. Clearly identify all changes in parameter values for value components,
  - B. As part of (A) above, provide sufficient evidence and data to support these changes, and
  - C. Discuss how these changes have an impact on the specific value components and how they affect the overall VOS rate, including any necessary tables, charts, and explanations as appropriate.
7. Direct Xcel to convene a pre-meeting no later than August 1 to explain in detail to those in attendance each of the issues identified in Motion Paragraph 6.

*Annual VOS filing date*

8. Direct Xcel to file its 2020 VOS update by September 1, 2019, and to continue in subsequent years to file the annual update on September 1.

*Compliance filings related to 2019 VOS rate*

9. Direct Xcel to submit a compliance filing, within five working days of the issue date of the Commission's order in this matter, reflecting the decisions made by the Commission, and find that the 2019 VOS rate will be effective as of the date of the compliance filing.

The motion passed 4–0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: May 15, 2019**



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**Daniel P. Wolf, Executive Secretary**