

The Commission met on **Thursday, December 3, 2020** with Chair Sieben and Commissioners Means, Schuerger, Sullivan, and Tuma present.

The following matters were taken up by the Commission:

IP-7006/CN-19-309

In the Matter of In the Matter of the Application of Buffalo Ridge Wind, LLC for a Certificate of Need for the 109 MW Large Wind Energy Conversion System in Lincoln and Pipestone Counties, Minnesota

Commissioner Tuma moved that the Commission take the following actions:

1. Determine that the environmental report and the record created in this matter address the issues identified in the scoping decision, and
2. Grant a certificate of need for the 109-megawatt Buffalo Ridge Wind Farm.

The motion passed 5–0.

IP-7006/WS-19-394

In the Matter of In the Matter of the Application of Buffalo Ridge Wind, LLC for a Site Permit for the 109 MW Large Wind Energy Conversion System in Lincoln and Pipestone Counties, Minnesota

Commissioner Tuma moved that the Commission take the following actions:

1. Adopt the administrative law judge’s (ALJ) findings of fact, conclusions of law, and recommendation with the exception proposed by the Department of Commerce’s Energy Environmental Review and Analysis unit (EERA).
2. Issue a site permit incorporating the permit conditions adopted by the ALJ with the exception proposed by EERA and with the following additions:
 - a. Amend permit condition 7.2 Shadow Flicker to include a requirement that the permittee shall provide a discussion detailing the communications with all the landowners with the expected shadow flicker of more than 30 hours regarding possible mitigations and the complaint process.

- b. Amend permit condition 7.4 Noise Studies to include a requirement that the permittee shall provide a discussion detailing the communications with the residents at receptor 44 regarding possible noise mitigations and the complaint process.
 - c. The results of the above discussions shall be filed with the Commission at least 14 days prior to the pre-construction meeting to confirm compliance.
3. Authorize Commission staff to make further refinements to the findings of fact and permit conditions as necessary to ensure consistency with the record, the language of recently issued permits, and the Commission's decision on this matter.

The motion passed 5–0.

E-017/GR-20-719

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 that the Commission take the following actions:

1. Accept the filing as being in proper form and substantially complete as of November 2, 2020.
2. Suspend the proposed final rates until the Commission makes its final determination in this matter. Find the Commission has insufficient time to make a final determination if the rates are suspended for a 10-month period because of the need to make a final determination in other pending cases involving changes in general rates. Find that the rates in this case should be suspended for an additional ninety days, until December 2, 2021.
3. Refer this matter to the Minnesota Office of Administrative Hearings and request the ALJ's report on or before September 2, 2021. If the deadline for the Commission's decision is extended beyond ten months at any point during this proceeding for any reason (e.g. settlement discussions, waiver, etc.) request the ALJ's report at least 90 days before the extended deadline for the Commission's decision.
4. Identify the following issues requiring development of a complete record in this case:
 - a. The standard rate case issues;¹

¹ The standard rate case issues are: 1) Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company? 2) Is the rate design

- b. The appropriateness of recovery through a potential interim rate refund process of the following items:
 - i. The costs of operating the Hoot Lake Plant during its remaining useful life, as well as beginning decommissioning and the associated depreciation.
 - ii. The remaining balance of Big Stone II transmission-related development costs.
 - iii. The uncollected balance remaining in the Environmental Cost Recovery Rider tracker.
 - iv. The deferred unrecovered depreciation expense balance for the Hoot Lake Plant.
 - v. The balance remaining in the Southwest Power Pool (SPP) tracker.
 - c. Did Otter Tail demonstrate that its proposed base rates appropriately exclude Fuel Clause Adjustment-related costs, as required by the Commission's November 5, 2019 Order in Docket No. E-999/CI-03-802?
 - d. Otter Tail's proposal to move approximately \$5.9 million of Conservation Improvement Program (CIP) costs out of base rates and to a rider with the implementation of final rates.
 - e. Otter Tail's proposed RRCR and TCR rider roll-in to base rates.
- 5. Authorize Otter Tail to implement interim rates for service rendered on and after January 1, 2021 (sixty days after Otter Tail's November 2, 2020 filing date).
 - 6. Approve an annual interim rate revenue deficiency of \$35,366,083, or 18.45%, as modified below.
 - 7. Require Otter Tail to adjust its interim rate revenue deficiency and rates to include all four TCR projects in interim rates without the revenue credit and discontinue collecting these project costs through its TCR Rider beginning with the implementation of interim rates.

proposed by the Company reasonable? and 3) Are the Company's proposed capital structure and return on equity reasonable? *In the Matter of the Application of Minnegasco, a Division of NorAm Energy Company, for Authority to Increase Natural Gas Rates in Minnesota, Docket No. G-008/GR-95-700, Notice and Order for Hearing at 3, (October 4, 1995).*

8. Find exigent circumstances and accept Otter Tail's alternative targeted interim rate modification along with the removal of the deferred 2020 Hoot Lake Plant & Hydro depreciation costs from interim rates, lowering the interim rate revenue deficiency by approximately \$6.7 million.
9. Direct Otter Tail to file revised financial schedules and calculations (interim rate base, income statement, cost of capital, and revenue summary) and class revenue schedules reflecting the Commission's modifications within 5 calendar days of this meeting. This filing shall also include an explanation of the \$2.27 million of additional amounts above the rider transition roll-ins of \$19.54 million for the TCR rider and the RRCR rider.
10. Approve Otter Tail Power's proposed interim cost of capital for setting interim rates.
11. Approve Otter Tail's request to collect the interim rate increase as a uniform percentage interim rate adjustment to the base rate portion of customer bills and to display the interim rate increase on customer bills using a single, line-item interim rate adjustment.
12. In the Notice of and Order for Hearing, require the following:
 - a. This Order will be served on the Company, which shall mail copies of the Order to all municipalities, counties, and local governing bodies in its Minnesota service area.
 - b. Public Hearings shall be held in this matter at locations within the Company's service area.
 - c. The Company shall give the following notices of the evidentiary and public hearings:
 - i. Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.
 - ii. Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - iii. Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.

- iv. The Company shall submit proposed notices for Commission approval prior to publication or service.

13. In the Order Setting Interim Rates require the following:

- a. Order the Company to file with the Commission and the Department of Commerce-Division of Energy Resources interim rate tariff sheets and supporting documentation reflecting the decisions herein. The Company's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
- b. Order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
- c. Order the Company to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, the Company shall certify this fact to the Commission.
- d. Require Otter Tail to maintain records of CIP costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.

14. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION:



Will Seuffert, Executive Secretary