

The Commission met on **Thursday, April 26, 2018** with Chair Lange and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

G-011/D-17-442

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of its 2017 Five-Year Review of Depreciation Certification

Commissioner Tuma moved that the Commission take the following actions:

1. Require MERC's next five-year study by June 1, 2022;
2. Approve MERC's proposed lives and net salvage rates;
3. Approve MERC's proposal to continue the use of functional composite depreciation rates; and
4. Require MERC to file its next annual depreciation update on June 1, 2019.

The motion passed 5 – 0.

E,G-002/D-17-581

In the Matter of Northern States Power Company d/b/a Xcel Energy's Five-Year Transmission, Distribution, and General Depreciation Study

Commissioner Lipschultz moved that the Commission take the following actions:

1. Approve Xcel's proposed depreciation lives and rates in the 2017 Depreciation Study, effective January 1, 2018;
2. Approve Xcel's request to change from an average service life (ASL) depreciation method to an effective average remaining life (ARL) depreciation method;
3. Require Xcel to file an annual update of remaining lives and depreciation rates for its transmission, distribution, and general accounts beginning July 31, 2018, and to file a comprehensive five-year depreciation study for its transmission, distribution, and general accounts by July 31, 2022;
4. Require Xcel to return to ratepayers the Electric Utility and the electric portion of the Common Utility net decrease in depreciation expense due to the change in the depreciation method through the 2018 capital true-up filing in Docket No. E-002/GR-15-826;

5. Accept Xcel's December 22, 2017 correction to FERC Account 390 (Structures and Improvements) as recommended by the Department of Commerce, and required Xcel to provide corrected versions of the following:
6. Table 1 (Depreciation Expense Impact of the Proposed Change); and
7. Summary page of Schedule C, page 1 of 6;
8. Accept Xcel's April 11, 2018 correction to FERC Account 369; and
9. Direct Commission staff to prepare and issue a notice for supplemental comments in Xcel's pending 2018 Gas Utility Infrastructure Cost (GUIC) proceeding, in Docket No. G-002/M-17-787, that requires Xcel to address the gas utility's \$6.8 million decrease in depreciation expense and the appropriateness of using a true-up or some other kind of adjustment in the GUIC rider to reflect this decrease in depreciation expense.

The motion passed 5 – 0.

G-002/M-17-586

In the Matter of Northern States Power Company, d/b/a Xcel Energy's Petition for Approval of Changes in Contract Demand Entitlements

Commissioner Schuerger moved that the Commission take the following actions:

1. Approve Xcel's proposed level of demand entitlements as amended by its November 1, 2017 Supplemental Filing; and
2. Allow Xcel to recover associated demand costs through the monthly Purchased Gas Adjustment effective November 1, 2017.

The motion passed 5 – 0.

G-004/M-17-521

In the Matter of a Petition by Great Plains Natural Gas Co. for Approval of Changes in Contract Demand Entitlements for the 2017-2018 Heating Season

Commissioner Schuerger moved that the Commission take the following actions:

1. Accept the Company's proposed design-day method for its consolidated purchased gas adjustment areas;

2. Approve the Company's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2017.

The motion passed 5 – 0.

G999/AA-16-524, et al.

In the Matter of the Review of the 2015-2016 Annual Automatic Adjustment Reports and Annual Purchased Gas Adjustment True-up Filings

Commissioner Lipschultz moved that the Commission take the following actions:

All Commission-Regulated Natural Gas Utilities

1. Accept the 2015–2016 annual automatic adjustment (AAA) reports as filed by the gas utilities as complete under Minn. R. 7825.2390–.2920.
2. 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.

Greater Minnesota Gas, Inc.

3. Accept Greater Minnesota Gas, Inc.'s 2015–2016 true-up filing in Docket No. G-022/AA-16-715 and authorize Greater Minnesota Gas to implement the true-ups as shown in Attachment G5 to the Department's *Review of the 2015–2016 Annual Automatic Adjustment Reports*, dated August 11, 2017 (Department Review).

Great Plains Natural Gas Co.

4. Accept Great Plains Natural Gas Co.'s 2015–2016 true-up filing in Docket No. G-004/AA-16-719 and authorize Great Plains to implement the true-ups as shown in Attachments G6a and G6b to the Department Review.
5. Grant Great Plains' request for a variance to Minn. R. 7825.2700, subps. 4 and 7, to allow it to spread its cumulative under-recovered commodity cost from its large interruptible customer class to all customer classes based on the pro-rata share of current projected annual dekatherm sales.

Minnesota Energy Resources Corporation (MERC)

6. Accept MERC's Northern Natural Gas 2015–2016 true-up filing in Docket No. G-011/AA-16-732 and authorize MERC to implement the Northern Natural Gas true-up as shown in Attachment G8 of the Department Review.

7. Accept MERC's Consolidated 2015–2016 true-up filing in Docket No. G-011/AA-16-734 and authorize MERC to implement the Consolidated true-up as shown in Attachment G9 of the Department Review.
8. Accept MERC's Albert Lea 2015–2016 true-up filing in Docket No. G-011/AA-16-733 and authorize MERC to implement the Albert Lea true-up as shown in Attachment G8a of the Department Review.
9. Grant MERC's request for a variance to Minn. R. 7825.2700, .2910, and .2820, and also vary Minn. R. 7825.2800–.2840, to extend the deadline for filing its 2015–2016 AAA reports and true-ups.

CenterPoint Energy

10. Accept CenterPoint Energy's 2015–2016 true-up filing in Docket No. G-008/AA-16-730 and authorize CenterPoint Energy to implement the true-up as shown in Attachment G10 of the Department Review.
11. Authorize CenterPoint Energy to discontinue providing the compliance information regarding the comparison of the cost of swing gas versus spot market gas, currently provided in Exhibit 6B of its AAA report, until that information is relevant.

Xcel Energy

12. Accept Xcel Energy's 2015–2016 true up filing in Docket No. G-002/AA-16-725 and authorize Xcel Energy to implement the true-up as shown in Attachment G11 of the Department Review.

The motion passed 5 – 0.

E002/M-17-694

In the Matter of Xcel Energy's Petition for Approval of the Acquisition of 302.4 MW Dakota Range Wind Project

Commissioner Schuerger moved that the Commission take the following actions:

1. Approve the Company's proposal to build, own, and operate the 302.4 MW Dakota Range I and II wind project, with the following additional ratepayer protections:
2. The Commission will hold the Company accountable for the price and terms used to evaluate the Project;
3. Ratepayers will not be put at risk for any assumed benefits that do not materialize;

4. Ratepayers must be sufficiently protected from risks associated with the non-deliverability of accredited capacity and/or energy from the Project;
5. The Company must report in its monthly fuel clause filings and annual automatic adjustment filings the amount of any curtailment payments, along with explanations for the curtailments, for the Project;
6. The Company must clearly account for all costs incurred for the Project;
7. The Company must file a compliance filing in January 2019 that provides an update on the status of the Project, and must file, annually thereafter, a compliance filing that includes the actual delivered energy and actual accredited capacity;
8. The Company must report quarterly, until the Project is in service, Project failures along with the options available to the Commission to remedy any failures that occur; and
9. In its quarterly report, the Company must provide a comparison of its adjusted forecast for O&M services, discussed in its March 16, 2018 supplement, and actually incurred costs for O&M services.
10. Approve the Company's aggregate, symmetrical capital cap for the initial construction of the Project, reduced for any costs allocated to other jurisdictions and updated to reflect any material changes in external factors such as tax rates and cost of capital.
11. Approve the Company's proposed use of its Capital Services affiliate agreement.
12. Require the Company to justify charging to Minnesota ratepayers any costs that it is unable to recover in another jurisdiction, prior to charging Minnesotans for any such costs.
13. Vary Minn. R. 7825.1800(B)-(C).

The motion passed 5 – 0.

E-017/CG-16-1021

E-017/CG-17-464

In the Matter of a Complaint by Red Lake Falls Community Hybrid LLC Regarding Potential Purchased Power Agreement Terms and Pricing with Otter Tail Power

Commissioner Lipschultz moved that the Commission:

1. Adopt all paragraphs of the ALJ Report related to Legally Enforceable Obligation creation except adopt a December 7, 2016 LEO date;

2. Make the following modifications to ALJ Paragraph 128:

128. In addition, the project needed to work through a number of MISO processes. In addition, MISO's Fast Track process was not fast. One problem that Mr. Pawlowski noted was the person at MISO working with Red Lake Falls seemed to lack any familiarity with the relatively low voltage (41.6 kv) line with which Red Lake Falls sought to interconnect.²²⁶ Red Lake Falls' interconnection proposal raised reliability issues when the line was assessed as a radial line that terminated at an end point. According to Otter Tail, it represented the line to MISO as a radial because it operates the line in that manner - power flows one way. In fact, the line is physically a loop. With the addition of relay settings, power can flow both ways.²²⁷ Mr. Juhl pushed back when on June 6, 2016, MISO relayed Otter Tail's conclusion that because the Project failed one of the Fast Track criteria, it would have to proceed via the regular interconnection process.²²⁸ Ultimately a [Generation Interconnection Agreement] GIA was achieved under the Fast Track process.

3. Adopt all parts of the ALJ report related to contract length (which would result in a contract length of 20 years), including the minor edit suggested by the Department on January 29, 2018;
4. Set the purchase price of energy per MWh for the Red Lake Falls hybrid solar/wind project equal to an estimate of avoided cost based on Otter Tail Power's 2017 Small Power Production Tariff;
5. Find that ConEd is not a prevailing party and therefore is not entitled to payment of costs, disbursement, or reasonable attorneys' fees under Minn. Stat. Section 216B.164, subd. 5.; and
6. Modify the ALJ Report to reflect the Commission's decisions in this case.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: June 20, 2018



Daniel P. Wolf, Executive Secretary