

The Commission met on **Thursday, May 11, 2017**, with Chair Lange, and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E-002/GR-15-826

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

1. Stipulation of Settlement

Commissioner Lipschultz moved that the Commission approve the August 16, 2016 Stipulation of Settlement in its entirety.

The motion passed 5 – 0.

2. Performance Metrics

Commissioner Schuerger moved that the Commission

- open a separate docket to identify and develop performance-based metrics and standards—and potentially incentives—to be implemented during the multi-year rate plan; and
- delegate to the Executive Secretary authority to issue notices, set a schedule, and designate comment periods for the docket.

The motion passed 5 – 0.

3. Nuclear Refueling Outage Accounting

Commissioner Tuma moved that the Commission require Xcel to make a compliance filing showing the level of actual 2006–2015 outage expenditures, by FERC account and by nuclear plant, and to update the Commission on those expenditures annually by May 1. The filing must also show Xcel’s 2006–2015 profit level resulting from the carrying charge.

The motion passed 5 – 0.

4. Interim Rate Refund

Commissioner Tuma moved that the Commission grant a variance to Minn. R. 7825.3300 and order that an annual 4.81% interest rate be used to calculate interim rate refunds.

The motion passed 5 – 0.

5. Capital Spending Reports

Chair Lange moved that the Commission require Xcel to work with Commission and Department staff to develop a capital projects true-up compliance reporting tool that meets the regulatory needs of the agencies, to be filed annually.

The motion passed 5 – 0.

6. Changes to In-Service Dates – Mankato Energy Center II

Chair Lange moved that the Commission order Xcel to make a compliance filing once the Mankato II in-service date becomes certain. If the in-service date does not materialize by 2019, the compliance filing should include the delay’s 2019 revenue requirement impact and how Xcel proposes to address it.

The motion passed 5 – 0.

7. Rate Case Expense Amortization

Chair Lange moved that the Commission order Xcel to make, within 90 days of the order, a compliance filing comparing final Rate Case Expenses to the requested \$3.34 million.

The motion passed 5 – 0.

8. Ratepayer Protections

Chair Lange moved that the Commission order Xcel to file, as a comparison, a true-up calculation based on actual (not weather-normalized) sales and revenue throughout the term of the Multi-Year Rate Plan.

The motion passed 5 – 0.

9. Class Revenue Apportionment

Commissioner Lipschultz moved that the Commission approve Xcel's proposed 2016 revenue apportionment, to be applied for all years in the Multi Year Rate Plan.

The motion passed 3 – 2. Commissioners Tuma and Sieben voted no.

Commissioner Sieben moved that the Commission:

- Require Xcel to update the number of past-due residential customers and arrearage information every six months and to include service disconnections to monitor the impact of any approved rate increases on residential customers
- Require Xcel to actively reach out to past-due customers in order to inform them about the availability of LIHEAP assistance

The motion passed 5 – 0.

10. Fixed Customer Charges

Commissioner Tuma moved that the Commission not approve an increase to the fixed monthly charge for residential and small commercial customers.

The motion passed 5 – 0.

Commissioner Tuma moved that the Commission require Xcel to file, within 120 days of the order, more information regarding the availability of LIHEAP funding to its low-income customers, including a plan to improve its outreach to low-income customers, and data regarding the amount of LIHEAP funding that is not claimed during the year.

The motion passed 5 – 0.

11. Energy Charge Credit

Commissioner Lipschultz moved that the Commission increase the energy charge credit from 1.40 cents per kWh to 1.56 cents per kWh in 2016 and maintain the same relationship between the ECC and base energy rates for subsequent years of the MYRP.

The motion passed 5 – 0.

12. Interruptible Service and Discounts

Commissioner Schuerger moved that the Commission:

- approve Xcel's original proposal for increases in its interruptible service discounts of between 0.6 and 2.0 percent with an average of 1.84 percent for the 2016 test year; and
- approve Xcel's 2016 proposed increases, but require that the 2017 and 2019 interruptible service discounts increase by the same percent increase as the proposed controllable demand charges.

The motion passed 5 – 0.

Commissioner Schuerger moved that the Commission require Xcel to modify its interruptible program testing requirements to be consistent with the testing provided for in MISO's tariff and business practices manual.

The motion passed 5 – 0.

13. Coincident Peak Billing

Commissioner Lipschultz moved that the Commission encourage parties to discuss the circumstances of customers with specific concerns about the applications of the Tariff (Xcel's General Rules and Regulations, Section 6, Part 3.13, 1st Revised Sheet No. 17 and Part 6, 3rd Revised Sheet No. 19.3) in regards to Coincident Peak Pricing.

The motion passed 5 – 0.

14. ALJ Report

Chair Lange moved that the Commission adopt the ALJ's Findings of Fact, Conclusions of Law and Recommendations (ALJ Report) to the extent the ALJ's Report is consistent with the decisions made by the Commission at this meeting.

The motion passed 5 – 0.

15. Compliance Filings

Chair Lange moved that the Commission:

- state that the final order in this docket shall contain summary illustrative financial schedules for all years of the multiyear rate plan including:

- a description of the cost of capital that the Stipulation of Settlement allows Xcel to represent as authorized for each year of the Multi-Year Rate Plan
- a rate base summary
- an operating income statement summary
- a gross revenue deficiency calculation
- a statement of the total allowed revenues; and
- direct parties to work with Commission staff to prepare such schedules for inclusion in the Order, should modifications be necessary to reflect the Commission’s final decision.

The motion passed 5 – 0.

Commissioner Tuma moved that the Commission:

1. Require Xcel to make the following compliance filings within 30 days of the date of the final order in this docket:
 - a. Revised schedules of rates and charges reflecting the revenue requirement and the rate design decisions herein, along with the proposed effective date, and including the following information:
 - i. Breakdown of Total Operating Revenues by type
 - ii. Schedules showing all billing determinants for the retail sales (and sale for resale) of electricity. These schedules shall include but not be limited to:
 1. Total revenue by customer class;
 2. Total number of customers, the customer charge and total customer charge revenue by customer class; and
 3. For each customer class, the total number of energy and demand related billing units, the per unit energy and demand cost of energy, and the total energy and demand related sales revenues.
 - iii. Revised tariff sheets incorporating authorized rate design decisions
 - iv. Proposed customer notices explaining the final rates, the monthly basic service charges, and any and all changes to rate design and customer billing
 - b. a revised base cost of energy, supporting schedules, and revised fuel adjustment tariffs to be in effect on the date final rates are implemented;
 - c. a summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented;

- d. a schedule detailing the CIP tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates become effective; and
 - e. a proposal to make refunds of interim rates consistent with the Commission's decision in this proceeding, to affected customers.
2. Require Xcel to file a computation of the CCRC based upon the decisions made herein for inclusion in the final Order.
 3. Authorize comments on all compliance filings within 30 days of the date they are filed.

The motion passed 5 – 0.

16. CCOSS – Classification of Fixed Plant

Commissioner Lipschultz moved that the Commission adopt the ALJ's findings concerning the classification of generation plant.

The motion passed 5 – 0.

17. CCOSS – Classification of D10S Allocator

Commissioner Schuerger moved that the Commission modify the ALJ's findings concerning the D10S Allocator as proposed by the OAG, and find that

It is reasonable to base the D10S capacity allocator on Xcel's system peak coincident with MISO's system peak because Xcel is obligated to satisfy the MISO peak as set by the MISO reserve margin; in future rate case filings, Xcel should design the D10S allocator so that it reflects any changes to MISO's method for calculating the system peak.

The motion passed 5 – 0.

18. CCOSS – Usage of Peak Demand and Energy Losses

Chair Lange moved that the Commission adopt the ALJ's findings on this issue and require Xcel to report on methods to conduct loss studies to more accurately measure losses in the next rate case.

The motion passed 5 – 0.

19. Calculation of Renewable Development Fund Rider Cost Allocation

Chair Lange moved that the Commission adopt the ALJ's finding on this issue that the record is insufficiently developed to support the MCC's recommendation in this proceeding; however this recommendation may be considered in the Company's next RDF Rider filing.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: September 20, 2017

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

Daniel P. Wolf, Executive Secretary