

The Commission met on **Thursday, December 10, 2015**, with Chair Heydinger and Commissioners Lange, Lipschultz, Tuma, and Wergin present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-999/PR-15-15

In the Matter of Intercarrier Compensation Reform Required by FCC Order Regarding the Requirements by Providers of Local Telecommunications Services to Revise Their Access Charges by July 1, 2015

Commissioner Lipschultz moved to close this docket.

The motion passed 5–0.

ENERGY AGENDA

E-015/M-15-323

In the Matter of the Minnesota Power Company’s 2014 Annual Safety, Reliability, and Service Quality Report and Proposed Annual Reliability Standards for 2015

Commissioner Lange moved to take the following actions:

1. Accept Minnesota Power’s April 1, 2015 safety, reliability, and service quality report as complying with Minn. R. ch. 7826 and relevant Commission orders.
2. Accept Minnesota Power’s 2015 proposed reliability standards at the levels indicated below:

2015 Standard		
SAIDI	SAIFI	CAIDI
97.13	1.01	96.17

The motion passed 5–0.

E-117,015/SA-15-901

In the Matter of the Joint Request of Itasca-Mantrap Cooperative Electrical Association and Minnesota Power for Approval of a Service Territory Agreement

Commissioner Wergin moved to approve the requested service territory transfer such that Itasca-Mantrap will provide retail electric service to areas designated Itasca-Mantrap Coop, Electric Assn. and Minnesota Power will provide retail electric service to areas designated Minnesota Power.

The motion passed 5–0.

E-002/M-15-881

In the Matter of Northern States Power Company d/b/a Xcel Energy's Request for a Variance to the Billing Error Rules

Commissioner Tuma moved to approve Xcel's request for a variance to Minn. R. 7820.3800 and a one-time modification to its Billing Error Tariff requirements for the purposes of providing the proposed refunds to Customers A, B, and C.

The motion passed 5-0.

E-002/M-15-730

In the Matter of the Petition of Xcel Energy for Approval of the Development Fund Annual Report, Tracker Account True-up, and Request for New 2016 Rate Rider Factor

Commissioner Tuma moved to take the following action:

1. Approve the 2016 RDF rate rider factor of \$0.000902 per kWh, beginning in January 2016; and
2. Require Xcel, within 30 days of the Commission's order, to file the appropriate updated tariff sheets.

The motion passed 5-0.

E-002/CI-15-662

In the Matter of an Alternative Rate Design Stakeholder Process for Xcel Energy

Commissioner Lipschultz moved to take the following actions:

1. Continue the discussion of alternative rate design in the instant docket;
2. Engage interested parties to accomplish the following:
 - A. Describe the ratemaking principles and objectives the Commission should set for alternative rate designs;
 - B. Assess the impact of various alternative rate designs on low income and low use customers;
 - C. Evaluate and measure the effect that the current rate design has on price signals;
 - D. Describe how the different alternative rate designs accomplish the principles and objectives under (1) above;
 - E. Compare the costs and benefits of implementing the different alternative rate designs;

- F. Recommend which alternative rate designs, if any, are appropriate for experimental pilot programs or other implementation mechanisms, including customer education recommendations;
3. Delegate authority to the Executive Secretary to issue notices and/or convene workgroup meetings to gather the information requested above, and if necessary approve a protective order;
4. Take administrative notice of the record from docket number E-002/GR-13-868 pertaining to ECC witness Roger D. Colton's testimony and exhibits and Clean Energy Organization witness Paul Chernick's testimony and exhibits relating to its inclining block rate proposal, the Administrative Law Judge's decision, and other relevant testimony that led to the instant docket.
5. Within 60 days of the Commission's Order, require Xcel to make an informational filing in this docket within 60 days of the Commission Order including a summary of the capabilities of the Company's existing meters, capability of providing usage information to customers within a meaningful timeframe, what additional capabilities more advanced meters could provide, and how that could be useful for alternative rate designs; and
6. Within 120 days of the Commission's Order, require Xcel to provide information of potential costs and benefits of the installation of advanced metering infrastructure, quantifying costs and benefits those to the extent possible.

The motion passed 5–0.

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

Commissioner Lipschultz moved that the Commission, pursuant to Minn. Stat. § 216B.62, subd. 8, request that the Department of Commerce seek the necessary authority to procure specialized technical professional investigative services to examine and develop testimony on the cost of capital in this case.

The motion passed 5–0.

Commissioner Wergin moved to take the following actions:

- A. Accept this filing as being in proper form and substantially complete as of November 2, 2015.

- B. Find the Commission has insufficient time to make a final determination if the rates are suspended for a ten-month suspension period because of the need to make a final determination in other pending cases involving changes in general rates and because of Xcel's proposal for a multiyear rate plan. Find that the rates in this case should be suspended for an additional one-hundred-and-eighty days, pursuant to Minn. Stat. § 216B.16, subs. 2(a), 2(f) and 19(d), until March 1, 2017.
- C. Refer this matter to the Office of Administrative Hearings for a contested case proceeding. Request the ALJ's report on or before November 15, 2016 if the Commission adopts alternative 2(a) above. If the deadline for the Commission's decision is extended beyond ten months plus one-hundred-and-eighty days at any point during this proceeding for any reason (e.g. settlement discussions, waiver, etc.) request the ALJ's report at least three-and-a-half months before the extended deadline for the Commission's decision.
- D. Identification of issues requiring development of a complete record in this case:
1. The standard rate case issues; and
 2. In the course of the case the Commission expects review of the following issues:
 - a) Review of issues from past Commission Orders.
 - b) Xcel's proposed a five-year alternative plan.
 - c) Inclusion of all non-decoupled classes in Xcel's revenue decoupling pilot program, as discussed in page 35 of staff briefing papers.
 - d) Handling of investment tax credits, as discussed in page 35 of staff briefing papers.
 - e) Require Xcel to file supplemental schedules and testimony, no later than January 29, 2016, in this rate case, that
 - i. Describes and compares projected and actual Life Cycle Management (LCM) costs (and Extended Power Uprate (EPU) costs, to the extent relevant) from 2008 through 2020 by unit and year, and including the proposed 2016 test-year in this rate case, and the 2017 and 2018 plan years. The descriptions and comparisons should include all changes and updates to projected costs from 2008 on and should include all cites to relevant Certificate of Need, Resource Plan and General Rate case dockets.
 - ii. Compares the relevant parts of the proposed 2016 test-year, and 2017 and 2018 plan years, in this rate case, to the proposed five-year capital budget in the pending resource plan, in docket #15-21.

- f) In light of Xcel submitting a Nuclear Scope Study in its January 29, 2016 supplemental comments in its pending resource plan, in docket #15-21, and the possibility that there may not be sufficient time for Xcel's Prairie Island 1 and 2 LCM program to be fully investigated and that a Commission-determination on the prudence of Xcel's LCM expenditures may not be reached in this rate case, request parties to consider whether the amounts authorized for cost recovery in the 2016 test-year, and 2017 and 2018 plan years should be considered provisional or placeholder amounts until a Commission determination on prudence is made.
 - g) Performance-based metrics and incentives to be implemented throughout the multiyear plan that begin shifting away from a regulatory system that rewards the sale of electricity and building large, capital-intensive power plants toward one that rewards Xcel for achieving a set of clearly defined performance outcomes, such as energy efficiency, reliability, community-owned distributed generation, affordability, emissions reductions, predictable rates, etc. Consideration should be made for such a new performance system to be either complementary to decoupling or a replacement.
- E. Authorize Xcel to implement interim rates for service rendered on and after Friday, January 1, 2016 (sixty days after Xcel's November 2, 2015 initial filing date).
 - F. Approve Xcel's proposed interim cost of capital for setting interim rates.
 - G. Approve Xcel's proposed interim rate increase of \$163,670,000 on an annualized basis, a 5.5 percent increase above interim present revenues.
 - H. Defer a decision on any increase in interim rates in 2017 and allow Xcel to refile a request for increased 2017 interim rates at least 90 days prior to the requested effective date of such an increase.
 - I. Approve Xcel'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.
 - J. In the Notice and Order for Hearing, require the following:
 - 1. 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.
 - 2. Public Hearings shall be held in this matter at locations within the service area of the Company.
 - 3. The Company shall give the following notices of the evidentiary and public hearings:

- a) 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.
- b) 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.
- c) 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.
- d) The Company shall submit proposed notices for Commission approval prior to publication or service.

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

- 1. 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.
- 2. 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.
- 3. 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.
- 4. Require Xcel 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.

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

M. Authorize the staff attorneys drafting the Commission's order to reorganize and rewrite these decision options to make them more consistent and more clear.

The motion passed 5-0.

E-002/MR-15-827

In the Matter of the Application of Northern States Power Company for Approval of a New Base Cost of Energy

Commissioner Lipschultz moved to take the following actions:

- A. Approve Xcel's Base Cost of Energy without Community Solar Gardens calculation of \$0.026800 per kilowatt hour.
- B. Approve Xcel's proposed implementation date for the new Base Cost of Energy to be concurrent with the January 1, 2016 implementation of interim rates in Docket No. E002/GR-15-826.
- C. Instruct Xcel to file, after its rate case is completed, a final base cost of energy that reflects the Commission's decisions in the rate case, the then-current level of costs and lost sales due to Community Solar Gardens, and any other relevant factor.
- D. Clarify that approval of a new Base Cost of Energy does not preclude any party from disputing the assumptions used in this petition (such as projected sales), or the Commission from adopting different assumptions than those used in this petition, when reviewing and determining final rates in the general rate case (Docket No. E-002/GR-15826), the solar-garden 13-867 docket, in the Company's next filing related to the variances referenced in the Department's November 19, 2015 comments in this docket, or in any other relevant proceeding.
- E. Clarify that the Company's FCR language may be addressed in the general rate case (Docket No. E-002/GR-15-826).

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: December 30, 2015



Daniel P. Wolf, Executive Secretary