

Deliberation Outline

Meeting Date May 17, 2018 Agenda Item **** 2**

Company Minnesota Power

Docket Nos. **E-015/GR-16-664**
In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota

E-015/D-17-118
In the Matter of Minnesota Power’s 2017 Remaining Life Depreciation Petition

E,G-999/CI-17-895
In the Matter of a Commission Investigation into the Effects on Electric and Natural Gas Utility Rates and Services of the 2017 Federal Tax Act

Issues

1. Should the Commission reopen, reconsider and/or clarify its March 12, 2018 Findings of Fact, Conclusions, and Order?
2. If the Commission reopens its March 12, 2018 Order in the rate case, should it also reopen its March 21 Depreciation Order (In the Matter of Minnesota Power’s 2017 Remaining Life Depreciation Petition, Docket No. E-015/D-17-118)?

Staff	Sundra Bender	Sundra.bender@state.mn.us	651-201-2247
	Eric Bartusch	Eric.bartusch@state.mn.us	651-201-2259
	Ann Schwieger	Ann.schwieger@state.mn.us	651-201-2238
	Ganesh Krishnan	Ganesh.krishnan@state.mn.us	651-201-2215
	Kevin O’Grady	Kevin.ogrady@state.mn.us	651-201-2218
	Bob Harding	Robert.harding@state.mn.us	651-201-2237



 **Relevant Documents**

Date

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.



Decision Alternatives

Rehearing, Reconsideration and Clarification of the March 12, 2018 Order

1. Grant Minnesota Power's petition for reconsideration and clarification, or
2. Deny Minnesota Power's petition for reconsideration and clarification.
3. Grant the Department of Commerce's petition for rehearing (i.e. reopening) and reconsideration, or
4. Deny the Department of Commerce's petition for rehearing (i.e. reopening) and reconsideration.
5. Grant the Large Power Intervenor's petition for reconsideration, and
6. Grant, pursuant to Minn. Rule 7829.1275, OAG's unopposed request for a variance to Minn. Rule 7829.3000, Subpart 4, to answer LPI's petition in OAG's April 12 Answer, or
7. Deny the Large Power Intervenor's petition for reconsideration.
8. On its own motion, reopen, reconsider and/or clarify the March 12, 2018 Order.
9. Take no action and allow the Petitions and Requests for Rehearing, Reconsideration and Clarification to be denied by operation of law.

If the Commission grants one of the Petitions or on its own motion decides to reopen, reconsider and/or clarify the March 12 Order, the Commission may want to consider one or more of the following items:

2017 Federal Tax Act

10. Reopen the record of this rate case now to consider the effects of the 2017 Federal Tax Act in the rate case revenue requirement. [Department, OAG, CEO and ECC]
11. Deny the Department's request to reopen the record to take notice of the estimated revenue requirement impact of the 2017 Federal Tax Act in this rate case. [MP, LPI]
12. If the Commission reopens the record to consider the effects of the 2017 Federal Tax Act:
 - a. Direct staff to send out a notice requesting comments and reply comments on this issue; or



- b. Send this issue back to the Office of Administrative Hearings for more record development on the issue of incorporating the impact of tax savings into this rate case; or
- c. Make specific determinations now.

Alternatives for Using the Benefits from the 2017 Federal Tax Act

13. If the Commission reopens its March 12 Order now, it could

- a. Direct staff to send out a notice requesting comments and reply comments on alternatives for using the benefits from the 2017 Federal Tax Act; or
- b. Send this issue back to the Office of Administrative Hearings for more record development on the issue of alternatives for using the benefits from the 2017 Federal Tax Act; or
- c. Make specific determinations now.

14. Take no action now with the expectation that this issue concerning alternatives for using the benefits from the 2017 Federal Tax Act will be discussed in the TCJA Docket and in the future in this docket if, and when, the Commission reopens its March 12 Order.

Remaining Lives of Boswell Energy Center

Reconsideration

- 15. Reject the Department's request for reconsideration of the remaining lives of Boswell Units 3 & 4 and Common facilities. (MP, LPI)
- 16. Accept the Department's request for reconsideration of the remaining lives of Boswell Units 3 & 4 and Common facilities. (Department, OAG, CEOs & ECC)

Remaining Life of Boswell Units 3 & 4 and Common facilities

- 17. Set the remaining lives of Boswell Units 3 & 4 and Common facilities at 2035, effective January 1, 2017. (Department, OAG, CEOs & ECC) Order the Company to submit a compliance filing within 30 days of the Order to reflect the Commission's decision in this case in the Company's 2017 Remaining Life Petition, in Docket No. E-015/D-17-118.
- 18. Set the remaining lives at 2034 for Unit 3, 2035 for Unit 4 and 2030 for the Common facilities, effective January 1, 2017. (Department Alternative) Order the Company to submit a compliance filing within 30 days of the Order to reflect the Commission's decision in this case in the Company's 2017 Remaining Life Petition, in Docket No. E-015/D-17-118.

19. If the Commission reconsiders its decision, then accept the Department's proposal to reduce the depreciation life of BEC3, BEC4, and the Common facilities to 2035, and set the effective date as of January 1, 2018. (Minnesota Power)

Variance

20. Terminate the variance to Minn. R. 7829.3200, subp. 1.
21. Do not terminate the variance to Minn. R. 7829.3200, subp. 1.

Securitization

22. Grant the Department's request for reconsideration of the need for a securitization plan and do not require MP to continue to explore the option of securitization or to file a plan. (DOC)
23. Grant the Department's request for reconsideration of the need for a securitization plan but require MP to continue to explore the option of securitization and to file a report rather than an actual plan.
24. Deny the Department's request for reconsideration of the need for a securitization plan. (CEOs & ECC, OAG, LPI)

Generation Supervision & Engineering and Distribution Meter Reading

25. Approve Minnesota Power's request for reconsideration on the issue of Generation Supervision & Engineering and Distribution Meter Reading
26. Deny Minnesota Power's request for reconsideration on the issue of Generation Supervision & Engineering and Distribution Meter Reading

Prepaid Pension Asset

27. Approve Minnesota Power's request for reconsideration on the issue of the prepaid pension asset. [MP]
28. Deny Minnesota Power's request for reconsideration on the issue of the prepaid pension asset. [DOC, OAG, LPI]
29. Clarify that the numbers MP seeks to include in rate base are a prepaid pension asset of \$60,041,948, offset by \$31,487,190 in associated tax savings, for a net after-tax increase to rate base of \$28,554,758. [MP]

Retirement Savings and Stock Ownership Plan (RSOP)

30. Approve Minnesota Power's request for reconsideration on the issue of Retirement Savings and Stock Ownership Plan
31. Deny Minnesota Power's request for reconsideration on the issue of Retirement Savings and Stock Ownership Plan

Other Employee Benefits

32. Approve Minnesota Power's request for reconsideration on the issue of Other Employee Benefits.
33. Deny Minnesota Power's request for reconsideration on the issue of Other Employee Benefits.

Transmission Capital Projects

34. Grant Minnesota Power's request for reconsideration and do not require Minnesota Power to make an adjustment to its test year for transmission capital projects. [MP]
35. Do not grant Minnesota Power's request for reconsideration of its test year transmission capital projects. [DC, OAG, LPI]

Third-Party Transmission Revenue and Expenses

36. Approve Minnesota Power's request for reconsideration on the issue of Third-Party Transmission Revenues and Expense.
37. Deny Minnesota Power's request for reconsideration on the issue of Third-Party Transmission Revenues and Expense

Return on Equity (ROE)

38. Grant MP's petition for reconsideration.

Adopt a return on equity from the range of 9.41 percent (allowed to Otter Tail Power) to 9.66 percent (a return earned by average vertically-integrated electric utilities).

39. Deny MP's petition for reconsideration.



Request for Clarification of Decision to Reject Annual Rate Review Mechanism

40. The Commission clarifies that MP may propose an annual rate review mechanism, with additional evidence or modifications, in a separate docket instead of waiting until the next rate case.
41. Other action by the Commission.

Sales Forecast

42. Grant MP's petition for reconsideration.

Adopt MP's updated test year retail sales forecast of 9,212,383 MWh based upon a 90 percent utilization rate for MP's six taconite plants.

43. Deny MP's petition for reconsideration.

Application of Cost-Based Principles to Revenue Apportionment

44. Deny LPI's request for reconsideration.
45. Grant LPI's request for reconsideration, approve a single CCOS, explain any apportionment deviations from the approved CCOS, and reduce Large Power's cost apportionment.
46. Take other action.

Energy-Intensive Trade-Exposed (EITE) Discount/Credit

47. Deny LPI's request for reconsideration.
48. Grant LPI's request for reconsideration and reverse the decision to establish an EITE refund mechanism.
49. Take other action.

Rate Design of the Large Light & Power Time-of-Use (LLP-TOU) Rider

50. Deny LPI's request for reconsideration.
51. Grant LPI's request for reconsideration and approve MP's proposed modifications to the LLP-TOU Rider.
52. Take other action.

Rate Design of the Large Power-Incremental Power Service (LP-IPS) Rider

53. Deny LPI's request for reconsideration.
54. Grant LPI's request for reconsideration and approve MP's proposed modifications to the LP-IPS Rider.
55. Take other action.

Large Power Service

56. Deny Minnesota Power's request for clarification
57. Grant Minnesota Power's request for clarification and modify the Order language on page 89 as requested by Minnesota Power.
58. Take other action.

Final Rate Component Adjustments

59. Deny Minnesota Power's request for clarification
60. Grant Minnesota Power's request for clarification with respect to Order Points 63 – 68 to allow Minnesota Power to adjust rates as needed to enable it to recover the full revenue requirement allowed by the Commission for the relevant customer classes (Large Power and Large Light & Power).
61. Take other action.

Clarification of Deadlines

62. Deny Minnesota Power's request for clarification.
63. Grant Minnesota Power's request for clarification finding that the timelines established in its Order (Paragraphs 5, 72 and 88(d)) begin on the date the Commission issues an order on reconsideration, with the understanding that the Commission could alter those timelines in a subsequent order in a manner not inconsistent with statute and/or rule.
64. Take other action.