

The Commission met on **Thursday, October 19, 2017** with Chair Lange and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

E-111/M-17-482

In the Matter of a Petition by Dakota Electric Association to Implement a Wellspring Commercial and Industrial (C&I) Rate Option

Chair Lange moved that the Commission:

Approve Dakota Electric's petition and require annual compliance filings specifying the number of member-consumers choosing to participate in the Wellspring C&I Option in that year's enrollment cycle, the corresponding kWh commitment, and the per-kWh rate.

The motion passed 5-0.

G-002/M-17-510

In the Matter of Northern States Power Company's (dba Xcel Energy) Petition for Approval of a One-Year Variance to the Purchased Gas Adjustment (PGA) Rules to Allow Recovery of Storage-Related *Ad Valorem* Taxes through the PGA

Commissioner Tuma moved that the Commission:

1. Approve Xcel Energy's petition with the condition of the 2016 order:
 - a. Grant Xcel a one-year variance to Minn. R. 7825.2400, subp. 12, to allow recovery in the PGA of *ad valorem* taxes related to natural gas storage for retail natural gas operations;
 - b. Direct Xcel to include the Kansas property tax as a separate line item in its monthly PGA;
 - c. Require Xcel to list the Kansas property tax costs and revenues as separate line items in the Annual Automatic Adjustment report and PGA True-Up filings as well as in the Company's Schedule C, Schedule D, pages 1 to 2 of 4 and page 4 of 4;
 - d. Require Xcel to submit a report with its Annual Automatic Adjustment and True-Up report detailing the total amount paid to Kansas and collected from ratepayers during the gas year; and
 - e. Require Xcel, in its next request for a variance to Minn. R. 7825.2400, subp. 12, to provide a discussion of the storage alternatives examined and the Company's efforts to obtain the most cost-effective storage option.

The motion passed 5-0.

IP-6984/CN-17-676

In the Matter of the Petition of Flying Cow Wind, LLC's Request for Exemptions from Certain Certificate of Need Filing Requirements

Commissioner Schuerger moved that the Commission:

1. Grant a partial exemption to Minn. R. 7849.0250 (B) (4) to eliminate the requirement to provide information on non-renewable alternatives.
2. Grant Flying Cow Wind, LLC a full exemption to the following rule parts:
 - 7849.0240, subp. 2(B) Promotional Activities;
 - 7849.0250 (B)(1)-(5) Availability of Alternatives;
 - 7849.0250 (C) Details of the Availability of Alternatives;
 - 7849.0250 (D) Map of Applicant's System;
 - 7849.0280 System Capacity;
 - 7849.0290 Conservation Programs;
 - 7849.0300 Consequences of Delay;
 - 7849.0330 Facility Information for LHVTL Alternatives; and
 - 7849.0340 No-Facility Alternative
3. Allow the Petitioner to provide data regarding data in lieu of data requirements under Minn. R. 7849.0270 Peak Demand and Annual Consumption Forecast.
4. Grant Flying Cow Wind, LLC's request for a variance to Minn. R. 7849.0200, subp. 6, to allow the Petitioner to file a certificate of need application sooner than 45 days after its exemption request.

The motion passed 5-0.

P-421/RW-17-569

In the Matter of a Petition by Qwest Corporation dba CenturyLink QC for Resolution of a Dispute with BNSF Railway Company Over the Use of Railroad Right-of-Way Under Minn. Stat. § 237.045

Commissioner Tuma moved to take the following actions:

1. Find that CenturyLink's petition is governed by Minn. Stat. § 237.045 and make the following additional findings:
 - a. The facility proposed by CenturyLink to be located on BNSF railroad right-of-way as described in CenturyLink's July 25, 2017 petition meets the definition of "parallel" or "paralleling" in section 237.045;

- b. CenturyLink elected to commence the proposed paralleling under section 237.045 after July 1, 2016;
 - c. As of June 22, 2017, BNSF had received a completed crossing application, crossing fee, and the necessary certification of insurance for its proposed facility as required under section 237.045;
 - d. BNSF made no objection to CenturyLink's proposed facility pursuant to subdivision 8 of section 237.045; and
 - e. BNSF did not propose that additional requirements be imposed on CenturyLink's proposed facility under subdivision 9 of section 237.045 in response to the Commission's August 4 Notice for Comments or in any written notice to CenturyLink.
2. Delegate authority to the Executive Secretary to establish, after the total costs associated with CenturyLink's petition are determined, a comment period on the equitable distribution of the costs among the parties, and to schedule the matter for the Commission's consideration at the earliest feasible date.

The motion passed 5–0.

E-017/GR-15-1033

In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in Minnesota

Commissioner Schuerger moved to take the following actions:

1. Approve Otter Tail Power Company's compliance filing with modifications.
2. Approve implementation of final rates effective November 1, 2017.
3. Unconditionally approve implementation of the new ECR rider rate effective November 1, 2017.
4. Without explicitly making a decision on the merits of the new transmission cost recovery rider rates, allow provisional implementation of those rates effective November 1, 2017. A final Commission determination on the TCR rider rate will be made at a later date in Docket No. E-017/M-16-374.
5. Approve Otter Tail's use of the prime rate of interest to calculate interest on interim rate refunds.
6. Approve Otter tail's calculation of the revised Base Cost of Energy which is based on the Company's system-wide sales.

7. Within 10 days of the interim rate refund, require Otter Tail to file a compliance filing report that shows the actual refunds and interest paid by class, including the calculations used.
8. In all future rate cases, require Otter Tail to include in its initial filings a discussion of the revenue requirement implications to ratepayers of applying the IRS requirement to calculate the differences between taxpayer's projected prorated ADIT balance and the non-prorated ADIT balance for the interim rates.

The motion passed 5-0.

E-999/CI-03-802

In the Matter of an Investigation into the Appropriateness of Electric Energy Cost Adjustments

Commissioner Tuma moved that the Commission:

1. Approve Option A (i) as set forth by the Department, with the following steps:
 - a. the Commission sets recovery of the utility's fuel, PPAs, and any other related costs (fuel rates) in a rate case or an annual fuel clause adjustment filing unless a utility can show a significant unforeseen impact.
 - b. the utility publishes the monthly fuel rates in advance of each year so that customers would be aware of the monthly electric rates for the next year.
 - c. the monthly fuel clause adjustment would not operate – the utility would charge the approved monthly rate but there would be no change in rates due to the monthly fuel clause adjustment.
 - d. utilities would be allowed to track any changes in \$/MWh fuel costs that occur over the year.
 - e. annually, utilities would report actual \$/MWh fuel costs in each month by fuel type (including identification of costs from specific power purchase agreements) and compare the annual revenue based on the fuel rates set by the Commission with annual revenues based on actual \$/MWh costs for the year. (Note that even if actual monthly costs/MWh vary from expected monthly costs/MWh, the focus is on the overall average actual \$/MWh.
 - f. there would be no carrying charge on the tracker.
 - g. one of the adjustment methods below would apply to any tracker balance (difference between total revenues collected and total actual costs):
Require the utility to refund any over-collections and show prudence of costs before allowing recovery of under-collections. If annual revenues collected (\$/MWh) are higher than total actual costs (\$/MWh), the utility must refund the

over-collection through a true-up mechanism. If annual revenues collected (\$/MWh) are lower than total actual costs (\$/MWh), the utility would need to show why it is reasonable to charge the higher costs (under-collections) to ratepayers through a true-up mechanism.

2. Require the utilities to file proposed fuel rates outside of a general rate case. If the proposed fuel rates are different from the rates set in the utilities' most recent miscellaneous rate (MR) docket that coincides with the rate cases, the utilities must fully explain the basis for any difference. These filings should provide full documentation for the proposed fuel rates, including identification of each PPA, estimates of costs for each type of fuel, and the proportion of each type of fuel, along with a complete description of any models used to develop the proposed \$/MWh fuel rates, including but not limited to the identification and justification of the inputs and formals used for all fuel types, and fully documented sales forecasts.
3. The Commission will also require Xcel, Minnesota Power, and Otter Tail to file, within 60 days of the date of this order, a compliance filing addressing implementation of the Commission's decision.
4. Within 60 days of the date of the order, Xcel, Minnesota Power, and Otter Tail must file a compliance filing addressing implementation of the Commission's decision.
5. Require the utilities to file a 'lessons learned' report at the end of three years to assess the new process.
6. Set July 1, 2019 as the implementation date.

The motion passed 4-1, with Commissioner Lipschultz voting against the motion.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: February 14, 2018



Daniel P. Wolf, Executive Secretary