

The Commission met on **Thursday, December 20, 2018** with Chair Lange and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission

E-114,264/SA-18-639

In the Matter of the Joint Request of Lakefield Public Utilities and Federated Rural Electric Association for Approval of a Service Territory Transfer Agreement

Commissioner Sieben moved that the Commission:

1. Approve the requested service territory transfer from Federated Rural Electric Association to Lakefield Public Utilities;
2. Approve the Cooperative's service-by-exception to a customer within the Municipals service Area; and
3. Require MnGeo to update the Commission's maps to reflect the service area designations as shown on the map in the Petition.

The motion passed 5-0.

E-002-228/SA-18-646

In the Matter of the Joint Request of Northern States Power Company, d/b/a Xcel Energy, and Delano Municipal Utilities for Approval of a Service Territory Transfer as Reflected in the Compensation and Orderly Transfer Agreement

Commissioner Schuerger moved that the Commission:

1. Approve the requested service territory transfer from Northern States Power Company d/b/a Xcel Energy to Delano Municipal Utilities; and
2. Require MnGeo to update the Commission's maps to reflect the service area designations as shown on the map in the Petition.

The motion passed 5-0.

P-999/CI-18-112

In the Matter of Telephone Assistance Plan Review

Commissioner Tuma moved that the Commission:

1. Accept the TAP fund 6-month reviews submitted on April 25, 2018 and August 28, 2018;
2. Direct Staff to work with other organizations to promote the TAP program and develop an updated outreach program and budget in consultation with the TAP/Lifeline Advisory Group; Require Staff to provide suggested program updates and budget recommendations to the Commission by July 1, 2019 or at some later date at the direction of the Executive Secretary;
3. Require local service providers to include TAP information on their websites;
4. Require local service providers to inform customers who are behind on bill payments about TAP;
5. Delegate authority to the Executive Secretary to determine the timing and content of the TAP information to be included on websites and that to be provided by local service providers;
6. Require local service providers to inform customers who are behind on bill payments about TAP;
7. Set the credit amount at \$7.00 per month with supporting surcharge amount set at \$0.10; and
8. Set the effective date for new surcharge and/or credit amounts as July 1, 2019.

The motion passed 4-1 (with Commissioner Sieben voting not).

E-015/M-18-545

In the Matter of Minnesota Power's Petition for Approval of a 250 MW Nobles 2 Wind Power Purchase Agreement

Commissioner Schuerger moved that the Commission take the following actions:

1. Approve the Amended and Restated Power Purchase Agreement with Tenaska, Inc. to purchase 250 MW of wind-generated energy and capacity from the Nobles 2 wind-generation facility under Minn. Stat. 216B.1645, and 216B.1691 and Minn. R. 7829.1300,

up to the cap amount of the MISO transmission network upgrades for purposes of cost recovery;

2. Confirm the PPA to be a reasonable and prudent way for Minnesota power to continue to meet its obligations under the Minnesota Renewable Energy Standard in Minn. Stat. 216B.1691 and comply with the July 2016 IRP order;
3. Require MP to revise the language of Section 11.4 or explain why the current language is correct;
4. Require MP to revise the language of section 11.5.3 that refers to the non-existent section 6.7;
5. Require MP to report in its monthly fuel clause filings and AAA the amount of any curtailment payments;
6. In future wind resource acquisition processes MP is required to report the projected value of capacity and the supporting analysis of proposed wind resources unless MP can demonstrate that pursuit of capacity accreditation is not expected to be economic. In its next IRP filing, MP is required to report accredited wind capacity values for their existing wind plants;
7. Until such time as a Commission-approved bidding process is in place, MP is to pursue an RFP to investigate the possible procurement of any generation resources needed to meet the Company's energy and capacity requirements, with no presumption that any Company-owned generation identified in that bidding process will be approved by the Commission; and
8. Require MP to submit revised language to Sections 11.4, and 11.5.3 of the Amended PPA as a compliance filing.

The motion passed 5-0.

IP-6964/CN-16-289

In the Matter of the Application of Nobles 2 Power Partners, LLC for a Certificate of Need for the up to 260 MW Nobles 2 Wind Project and Associated Facilities in Nobles County

Commissioner Lipschultz moved that the Commission:

1. Determine that the Environmental Report and the record created in this matter address the issues identified in the March 29, 2018 Environmental Scoping Decision; and

2. Grant a certificate of need for the up to 260 megawatt Nobles 2 Wind Farm proposed in Nobles County, Minnesota, finding that:
 - A. the factors set forth in Minn. R. 7849.0120(A), have been met and that denying the application would likely harm the future adequacy, reliability, or efficiency of the energy supply to Nobles 2 Wind LLC's customers, or to the people of Minnesota and neighboring states;
 - B. the factors set forth in Minn. R. 7849.0120(B), have been met and that a more reasonable and prudent alternative to the project has not been demonstrated by a preponderance of the evidence in the record;
 - C. the factors set forth in Minn. R. 7849.0120(C), have been met and that the preponderance of the evidence in the record demonstrates the project will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health;
 - D. the factors set forth in Minn. R. 7849.0120(D), have been met and that the record does not demonstrate that the design, construction, or operation of the project, or a suitable modification of the project, will fail to comply with relevant policies, rules, and regulations of other state and federal agencies and local governments; and
 - E. the proposed facility will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health.

The motion passed 5-0.

IP-6964/WS-17-597

In the Matter of the Application of Nobles 2 Power Partners, LLC for a Site Permit for the up to 260 MW Nobles 2 Wind Project and Associated Facilities in Nobles County

Commissioner Lipschultz moved that the Commission:

1. Adopt the Administrative Law Judge's Summary of Public Testimony, Findings of Fact, Conclusions of Law, and Recommendation with modifications by the Commission for the up to 260 MW Nobles 2 Wind Large Wind Energy Conversion System in Nobles County, with modifications to paragraph 7 of the conclusions of Law in the ALJ Report, and the corresponding site permit conditions as identified in Attachment A to staff Briefing Papers for 12/20/2018:

A. Section 10.3 should read as follows:

The Permittee may not commence construction until 30 days after the pre-construction meeting and after it has received written notice from the Commission advising that it has completed its review of the documents and determined that the planned construction is consistent with this permit.

B. Section 10.4.1 – Construction Labor Status Reports shall read as follows:

The Permittee shall file quarterly reports with the Commission within 45 days of the end of the quarter regarding construction workers that participated in construction of the project. The Reports shall provide an account of 1) the gross number of hours worked by or full-time equivalent workers who are Minnesota residents, as defined in Minn. Stat. 290.01, subd. 7; 2) the gross number of hours worked by or full-time equivalent workers who are resident of other states, but maintain a permanent residence within 150 miles of the project; and 3) the total gross hours worked or total full-time equivalent workers. Permittee shall work with its contractor to determine the suitable reporting metric. The Report may not include personally identifiable data.

C. Section 12.6 – Right of Entry

2. Issue the Draft Site Permit authorized by the Commission in its May 25, 2018 Order and incorporate the permit amendments in Decision Option 1 above for the site permit for the up to 260 MW Nobles 2 Wind Large Wind Energy Conversion System in Nobles County;
3. Require the Company to submit a compliance filing with a sample of a completed and submitted application for FAA approval of ADLS within 30 days of the order in this matter, with an attestation that the sample is the same as the applications filed; and
4. Authorize Commission staff to make further refinements to the findings of fact and permit conditions as necessary to ensure consistency with the record, the language of recently-issued permits, and the Commission review on this matter.

The motion passed 5-0.

G-011/M-18-589

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of Proposed Winter Construction Charges

Commissioner Tuma moved that the Commission:

1. Approve MERC's Petition to update its tariff to incorporate annual adjustment to its Winter Construction Charges for years 2018, 2019, and 2020, and require effective date be the date of the Commission's order granting approval of the proposed changes; and
2. Require MERC to file, as a compliance filing within 10 days of the order, the relevant tariff sheets that comply with the Commission's determinations in this proceeding.

The motion passed 5-0.

E,G-002/M-18-121

In the Matter of the Petition of Northern States Power Company for Approval of Its 2017 Incentive Compensation Plan Annual Report

E-002/GR-92-1185

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

G-002/GR-92-1186

In the Matter of the Petition of Northern States Power Gas Utility for Authority to Change Its Schedule of Gas Rates for Retail Customers Within the State of Minnesota

Commissioner Sieben moved to accept Xcel Energy's 2017 Annual Report as being compliant with the Commission's order, with one exception, and require Xcel Energy to refund \$1,957,622 to electric ratepayers.

The motion passed 5-0.

G-002/M-17-894

In the Matter of the Petition of Northern States Power Company for Approval of Deferred Accounting for Manufactured Gas Plant Clean-Up Costs

Commissioner Lipschultz moved to reopen the matter under Minn. Stat. § 216B.25.

Commissioner Lipschultz withdrew his motion.

Commissioner Tuma moved to deny reconsideration.

The motion passed 5–0.

E-015/M-18-603

In the Matter of Minnesota Power’s Petition for Approval of an Amendment to the Electric Service Agreement Between Verso Minnesota Wisconsin LLC and Minnesota Power

Commissioner Sieben moved that the Commission:

1. Approve Minnesota Power’s Petition for Approval of an Amendment to the Electric Service Agreement Between Verso Minnesota Wisconsin LLC and Minnesota Power;
2. Require Minnesota Power to update its tariff book as necessary to reflect the Amendment; and
3. Require Minnesota Power to include a schedule in its annual EITE tracker account report that shows the change in revenue from EITE customers due to any increased use of incremental-production-service energy since the 2016 EITE base year.

The motion passed 5-0.

G-004/D-18-369

In the Matter of Great Plains Natural Gas Co.’s Petition for Approval of its 2018 Depreciation Certification

Commissioner Lipschultz moved that the Commission:

1. Approve the Company’s depreciation study filed November 5, 2018, and expressly preserve the Commission’s discretion to require the Company, in its next rate case, to provide a schedule listing all buildings used for regulated utility operations, including the cost amounts, depreciation amounts, depreciation method and rate, placed-in-service dates, building address/location, building’s operational purpose, and account where the building is booked.
2. Require the Company, in its next depreciation filing, to provide a more robust analysis of the accounts affected by the Company’s PVC replacement program.
3. Require the Company, in its future depreciation filings, to do the following:
 - a. Transparently disclose changes to its depreciation-study approach;

- b. Submit a full depreciation study if the Company alters its depreciation approach before its next scheduled 5-year depreciation filing;
 - c. Provide activity schedules required by Minn. R. 7825.0700 showing additions, retirements, adjustments, and transfers for plant-in-service accounts and their associated accumulated depreciation accounts; and
 - d. Conduct a full depreciation study of any plant group with a change in the survivor curve prior to the Company's next scheduled five-year depreciation study, or explain why a full study is not necessary.
4. Require the Company, in future Minnesota Jurisdictional Annual Report (JAR) filings, to report the Minnesota-jurisdictional amounts in the gas plant-in-service accounts. In the Company's next JAR, the 2018 beginning-of-year balances for the gas plant-in-service accounts shall reflect the jurisdictional amount, footnoted to explain why the 2018 beginning-of-year balances differ from the reported 2017 year-end balance in the Company's JAR in Docket No. E,G-999/PR-18-04.

The motion passed 5-0.

G-004/GR-15-879

In the Matter of the Petition by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota

Chair Lange moved to do the following:

1. Accept the 2017 revenue decoupling evaluation report filed by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains), but modify the decoupling adjustments to reflect the period of January 1, 2017, to December 31, 2017.
2. Clarify that future evaluation periods should cover a January 1 to December 31 calendar year with a filing date no later than March 1st.
3. Take no action regarding Great Plains' definition of *Designed Revenues*.
4. Allow Great Plains to continue using 30-year weather normalized sales.
5. Order Great Plains to refile, by March 1, 2019, a new 2018 Annual Decoupling Evaluation Report that reflects decisions made in this proceeding.
6. Order Great Plains to file future decoupling evaluation reports in a separate new docket each year.

Commissioner Tuma proposed to amend the motion as follows:

1. Accept the 2017 revenue decoupling evaluation report filed by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains), but modify the decoupling adjustments to reflect the period of January 1, 2017, to December 31, 2017, as reflected in the briefing papers, Table 17.

Commissioner Lange accepted the amendment.

The amended motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: March 27, 2019

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