

The Commission met on **Thursday, May 14, 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/M-14-979

In the Matter of a Petition by the Department of Commerce to Order Discontinuance of Service to Revoked Carriers and Carriers that have Relinquished their Certificates of Authority

Commissioner Wergin moved to take the following actions:

1. Order all local exchange and interexchange carriers to discontinue service arrangements enabling the list of carriers identified in the Department's March 23, 2015 comments to provide Minnesota intrastate telecommunications services to end-user and wholesale customers;
2. Order carriers who find that end-user or wholesale customers will be affected by the discontinuance to contact the Department within 7 days of the date of the Commission's Order. The Department will notify the carrier within 3 business days if the discontinuance may proceed, if there must first be a transition plan approved by the Department, or if the matter is to be further addressed by the Commission prior to discontinuance.
3. Order all local exchange and interexchange carriers to not engage in any new service arrangements for the provision of services that enable the identified carriers to provide Minnesota intrastate telecommunications service to end-user or wholesale customers effective immediately, unless this Order is suspended by another Commission Order.

The motion passed 5-0.

~~P-5681,421/C-09-302~~

~~In the Matter of Digital Telecommunications, Inc.'s Complaint Against Qwest Corporation~~

PULLED.

ENERGY AGENDA

E-002/M-15-189

In the Matter of Xcel Energy's Request for a One-Time Waiver of its Energy Rate Savings Tariff

Commissioner Lipschultz moved to take the following actions:

1. Approve the one-time waiver of Xcel's Energy Rate Savings Tariff.
2. Require that Xcel file a compliance filing with the final results of this tariff waiver within 90 days of the end of the waiver period (December 31, 2015). At a minimum, the Company should include the following:
 - A. how many customers took advantage of the waiver;
 - B. for customers that took advantage of the waiver, their annual and average monthly billed KW firm demand covered under the applicable or successor tariffs for years 2014, 2015, and estimated 2016;
 - C. for customers that took advantage of the waiver, their annual and average monthly billed KW controllable demand covered under the applicable or successor tariffs for years 2014, 2015, and estimated 2016;
 - D. the forecast MW of controllable demand for all customers covered under the applicable tariffs at the beginning of the waiver period (summer 2015);
 - E. the forecast change in MW of controllable demand covered under the applicable tariffs following the waiver period (summer 2016) from customers that took advantage of the waiver;
 - F. the final revenue impact of this tariff waiver; and
 - G. a discussion on the overall results of the waiver and the Peak Controlled Services program reevaluation.

The motion passed 5-0.

E-015/S-15-168

In the Matter of the Petition of Minnesota Power under Minn. Stat. § 216B.49 for Approval of its 2015 Capital Structure and Authorization to Issue Securities

Commissioner Wergin moved to take the following actions:

1. Approve ALLETE's 2015 proposed capital structure. This approval will remain effective until the latter of May 1, 2016, or the date at which the Commission issues a new capital structure Order;
2. Approve ALLETE's equity ratio contingency of plus/minus 10 percent around its 2015 proposed equity ratio. Equity ratios outside this range may not exceed a period of 60 days without Commission approval;
3. Approve ALLETE's total capitalization contingency of \$392 million above its 2015 total capitalization. ALLETE may not exceed its total capitalization including the requested contingency of \$392 million for a period longer than 60 days without prior Commission approval;
4. Allow MP to issue any securities in 2015 that would not result in an equity ratio outside the proposed range or a total capitalization exceeding its proposed cap for more than 60 days;
5. Require MP to obtain prior approval for the issuance of any securities in 2015 that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.
6. Require MP to provide, within 20 days after each non-recurring issuance of securities, the following information:
 - A. The specific purposes for the individual issuances;
 - B. The type of issuances;
 - C. The timing of issuances;
 - D. The amounts of issuances;
 - E. Issuance costs (for common equity issuances, include price per share), and
 - F. Interest rates.
7. Require MP to provide, in its next capital structure filing, an exhibit showing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar on the uses identified in the exhibit or to limit the issuances to project-specific financing. The exhibit need not list short term security issuances.
8. Require MP to provide, in its next annual capital structure filing, a report of actual issuances and uses of the funds from the prior year. The report will be for information purposes only and need not cover short-term security issuances.

9. Require MP to provide in its next annual capital structure filing a schedule comparing its actual capital investments in the past year with the capital investments projected by MP in its previous capital structure filing.
10. Require MP to provide in its next annual capital structure filing the Company's investment plan not only for the next year, but for at least the next five years.
10. Approve MP's request for a variance to allow it to treat any loan under its multiyear credit facility as a short-term debt and require MP to report on its use of such facilities including:
 - The amount involved;
 - Rates and financing costs; and
 - The intended uses of the financing.
11. Require MP to file its request for approval for its 2016 securities issuances no later than March 1, 2016.
12. Clarify that approval of securities issuance and the resulting capital structure, within this proceeding, is not a determination of the appropriate capital structure for ratemaking purposes.
13. Require MP to keep the Commission informed of any corporate restructuring.
14. Require MP to keep the Commission informed of any rating agency action.

The motion passed 5-0.

E-015/M-14-349

In the Matter of Minnesota Power's Request for Approval of its 2014 Renewable Resource Rider Factors

Commissioner Wergin moved to delay consideration of the North Dakota Investment Tax Credits issue and transfer such consideration from Docket 14-349 to Docket 14-962.

The motion passed 5-0.

Commissioner Lange moved to approve Minnesota Power's proposed 2014 RRR rates effective the first of the month following the Commission's order.

The motion passed 5-0.

Chair Heydinger moved to find that the cost cap for Bison 4 is Minnesota Power's original total capital cost estimate of \$345 million and that this should be compared to capital expenditures and AFIDC before netting internal costs and associated AFUDC.

The motion passed 5-0.

Chair Heydinger moved to require Minnesota Power to make a compliance filing including updated tariff sheets within 30 days of the Commission's order.

The motion passed 5-0.

E-015/CN-12-1163

In the Matter of the Application of Minnesota Power for a Certificate of Need for the 500 kilovolt Great Northern High-Voltage Transmission Line Project from the Manitoba, Canada – Minnesota Border to the Blackberry Substation near Grand Rapids

Chair Heydinger moved to approve and adopt the ALJ's Findings of Fact, Conclusions of Law, and Recommendations for Minnesota Power's proposed Great Northern Transmission Line Project as modified by the Staff Exception Table and as further modified at the Commission meeting and as set forth below:

~~316. Requiring AFUDC treatment of construction costs could also create the possibility of rate shock to customers once the Project is placed into service. Compared to AFUDC treatment, allowing a return on CWIP gradually phases in rate increases rather than creating a one-time rate adjustment for the entirety of the Project.~~

~~317. Requiring AFUDC treatment of Project construction costs would harm Minnesota Power's cash flow, which, in turn, can lower its financial ratings and impose additional costs on ratepayers due to the higher cost of capital. The DOC-DER noted that while these harms are difficult to measure, standard recovery of Project costs through a return on CWIP may bring ratepayer benefits due to Minnesota Power's improved cash flow and stronger financial rating.~~
The motion passed

The motion passed 5-0.

Commissioner Lange moved to determine that the Environmental Report and the record created at the public hearing addresses the issues identified in the Environmental Report scoping decision.

The motion passed 5-0.

Commissioner Tuma moved to take the following actions:

1. Find that the probable result of denial would adversely affect the future adequacy, reliability, or efficiency of the energy supply to the applicant, to the applicant's customers, or to the people of Minnesota and neighboring states.
2. Find that a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence on the record by parties or persons other than the applicant.
3. Find that the consequences to society of granting the certificate of need are more favorable than the consequences of denying the certificate.
4. Find that it has not been demonstrated on the record that the design, construction, or operation of the proposed facility will fail to comply with those relevant policies, rules, and regulations of other state and federal agencies and local governments.
5. Grant a Certificate of Need for Minnesota Power's proposed Great Northern Transmission Line Project.

The motion passed 5-0.

Chair Heydinger moved to impose the conditions set forth in the ALJ Report's Recommendations 2, 3, and 4.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: October 14, 2015



Daniel P. Wolf, Executive Secretary