

The Commission met on **Thursday, March 24, 2016**, with Chair Heydinger and Commissioners Lange, Lipschultz, Schuerger, and Tuma present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

P-6445/RV-16-47

In the Matter of the Revocation of IBFA Acquisition Company, LLC's Certificate of Authority

Commissioner Schuerger moved to revoke the carrier's authority.

The motion passed 5–0.

P-6598/RV-16-49

In the Matter of the Revocation of Yestel USA, Inc.'s Certificate of Authority

Commissioner Tuma moved to revoke the carrier's authority subject to unpaid regulatory assessments that will proceed through the standard collection process.

The motion passed 5–0.

ENERGY AGENDA

E-234,101/SA-16-58

In the Matter of the Joint Request of Elk River Municipal Utilities and Connexus Energy, Collectively the Parties, to Modify Electric Service Territory Boundaries

Commissioner Lipschultz moved to approve the requested service territory boundary transfer from Connexus to Elk River Municipal Utilities. MnGeo should make the requested changes to the service territory maps.

The motion passed 5–0.

E-287,002/SA-16-22

In the Matter of the Joint Request of the City of North St. Paul and Northern States Power Company

Commissioner Lange moved that the Commission approve the Parties' request that (1) Xcel Energy provide service by exception to the nine locations identified above in the City's assigned service territory, (2) the City once again provide service to the 2360 White Bear Ave N (T29 R22W map) location, (3) the Compensation Agreement be approved, and (4) the Commission's maps be updated to reflect the service area designations as shown on the maps in the two Agreements.

The motion passed 5-0.

G-002/M-16-40

In the Matter of the Petition of Northern States Power Company (Xcel) for Approval of Extension Surcharge (ES) for Ulen, Hitterdal, and Surrounding Communities

Commissioner Tuma moved to take the following actions:

1. Approve the proposed Ulen-Hitterdal and surrounding communities Extension Surcharge (ES) Rider;
2. Require Xcel to submit its ES rider compliance filing within 10 days of the Commission's Order;
3. Approve Xcel's proposed New Area Surcharge (NAS)/ES rider's 75-foot service line extension allowance and include the allowance in its NAS/ES rider tariff;
4. Approve Xcel's proposed Assignment and Assumption Agreement with Greater Minnesota Transmission (GMT) and West Central Ag Services (WCAS) for intrastate transportation services to transport natural gas to Ulen, Hitterdal and surrounding areas;
5. Approve Xcel's clarifications to the communities served in the previous Barnesville and Holdingford ES Riders; and
6. Approve Xcel's request to set annual NAS/ES project reporting requirements on March 1 of each year, pursuant to Docket No. G-002/M-14-583, with PUC staff suggestion that Xcel's report include all NAS/ES rider projects in one document filed in the appropriate dockets (including Docket Nos. 14-583, 15-195, and 16-40).

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 the State of Minnesota

Commissioner Lipschultz moved that the Commission

1. Accept this filing as being in proper form and substantially complete as of February 16, 2016.
2. Suspend the proposed final rates until the Commission makes its final determination in this matter.
3. 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. Find that the rates in this case should be suspended for an additional ninety days from the date the filing is found to be in proper form and substantially complete, until March 16, 2017.
4. Refer this matter to the Office of Administrative Hearings for a contested case proceeding. Request the ALJ's report on or before January 5, 2017 if the Commission adopts either alternative under 2(a) above. If the deadline for the Commission's decision is extended beyond ten months plus ninety days from the date of acceptance at any point during this proceeding for any reason (e.g. settlement discussions, waiver, etc.) request the ALJ's report at least three months before the extended deadline for the Commission's decision.
5. Request parties to thoroughly review and develop a full and complete record, including the following issues:
 - a. The standard rate case issues—
 - i. Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company?
 - ii. Is the rate design proposed by the Company reasonable?
 - iii. Are the Company's proposed capital structure and return on equity reasonable?
 - b. Review of issues from past Commission Orders,
 - c. Reasons (including a complete, detailed itemization and explanation) for the proposed 34% increase in Production expenses.
 - d. Reasons (including a complete, detailed itemization and explanation) for the proposed 56% increase in Transmission expenses.
 - e. Reasons (including a complete, detailed itemization and explanation) for the proposed 52% increase in Customer Service & Info expenses.
 - f. Reasons (including a complete, detailed itemization and explanation) for the proposed 57% decrease in Sales expenses.
 - g. Reasons (including a complete, detailed itemization and explanation) for the proposed 39% increase in Administrative & General expenses.

- h. Handling of any Renewable Rider over or under recovery that would result from an interim period that is not 18 months.
 - i. Handling of any High Voltage Test Lab over or under recovery that would result from an interim period that is not 18 months.
 - j. Handling of any Big Stone II over or under recovery that would result from an interim period that is not 18 months.
6. Authorize Otter Tail to implement interim rates for service rendered on and after April 16, 2016 (sixty days after OTP's February 16, 2016 initial filing date).
 7. Require Otter Tail to adjust its interim rate revenue deficiency and rates to remove Prepaid Pension Asset from Rate Base.
 8. Direct Otter Tail to file revised financial schedules and calculations (interim rate base, income statement, cost of capital, and revenue summary) and class revenue schedules reflecting the Commission's modifications within 10 calendar days of this meeting.
 9. Approve Otter Tail Power's proposed interim cost of capital for setting interim rates.
 10. Find that exigent circumstances exist and specifically approve the proposed return on equity for use in determining interim rates.
 11. Approve Otter Tail'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.
 12. In the Notice and Order for Hearing, require the following:
 - a. 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.
 - b. Public Hearings shall be held in this matter at locations within the Company's service area.
 - c. The Company shall give the following notices of the evidentiary and public hearings:
 - i. 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.
 - ii. 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.

- iii. 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.
 - iv. The Company shall submit proposed notices for Commission approval prior to publication or service.
13. In the Order Setting Interim Rate require the following:
- a. 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.
 - b. 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.
 - c. 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.
 - d. Require Otter Tail 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.
14. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.

The motion passed 5–0.

E-017/MR-15-1034

In the Matter of the Application of Otter Tail Power Company for Approval of a New Base Cost of Energy

Commissioner Schuerger moved that the Commission

- 1. Approve Otter Tail's proposed new Base Cost of Energy of \$0.024640 per kilowatt hour.
- 2. Require that Otter Tail's proposed implementation date for the new Base Cost of Energy be concurrent with the implementation of interim rates in Docket No. E-017/GR-15-1033.

3. Instruct Otter Tail to file, after its rate case is completed, a final base cost of energy that reflects the Commission's decisions in the rate case and any other relevant factors.
4. 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-017/GR-15- 1033).
5. Order Otter Tail to include Minnesota-jurisdiction total sales and costs in all future base cost of energy initial filings.

The motion passed 5–0.

IP-6959/CN-16-140

In the Matter of the Application of Red Pine Wind Project, LLC for a Certificate of Need for the 200 MW Red Pine Wind Project and Associated Facilities in Lincoln and Lyons Counties

Commissioner Tuma moved to take the following actions:

1. Grant Red Pine's request, under Minn. R. 7849.0200, subp. 6, for an exemption from certain certificate-of-need-application filing requirements;
2. Grant Red Pine's request to vary Minn. R. 7849.0200, subp. 6's requirement that an exemption request be filed at least 45 days before submitting a certificate-of-need application;
3. Vary Minn. R. 7849.0200, subp. 6, to allow the Commission more than 30 days to respond to an exemption request; and
4. Vary Minn. R. 7849.0200, subp. 5, to allow the Commission more than 30 days to determine application completeness.

The motion passed 5–0.

PL-6668/CN-13-473

In the Matter of the Application of North Dakota Pipeline Company LLC for a Certificate of Need for the Sandpiper Pipeline Project

PL-6668/PPL-13-474

In the Matter of the Application of North Dakota Pipeline Company LLC for a Pipeline Routing Permit for the Sandpiper Pipeline Project in Minnesota

Commissioner Tuma moved to deny the White Earth Band's amended motion to

- Commence preparation of the environmental impact statement (EIS),
- Designate the DNR or the MPCA as the responsible government unit,
- Appoint White Earth Nation as a cooperating agency, and
- Appoint Exponent or Battelle as the EIS consultant.

The motion passed 5–0.

Commissioner Lange moved to deny the petitions for reconsideration.

The motion passed 5–0.

Chair Heydinger moved to take the following actions:

1. Amend the January 11, 2016 Order, deleting paragraph 5;
2. Request that in its presentation of the environmental impact statement (EIS) scoping document to the Commission, the Minnesota Department of Commerce (the Department) estimate the length of time needed to develop the Draft EIS, the length of time that the draft will be available for comment and the conduct of information meetings, and the estimated date that the Final EIS will be available; and
3. Request that the administrative law judge develop a proposed schedule or schedules with alternatives, if necessary, for the contested case to be considered by the Commission at the time the Department presents its scoping document to the Commission.

The motion failed 2–3; Commissioners Lipschultz, Schuerger, and Tuma voted no.

Chair Heydinger moved to dismiss the Friends of the Headwaters’ motion to renegotiate the interagency memorandum of understanding, and to organize an advisory council.

The motion passed 5–0.

Chair Heydinger moved to refer to the administrative law judge the task of considering the February 22, 2016 petition for intervention by the Minnesota Center for Environmental Advocacy.

The motion passed 5–0.

PL-9/CN-14-916

In the Matter of the Application of Enbridge Energy, Limited Partnership for a Certificate of Need for the Line 3 Replacement Project in Minnesota from the North Dakota Border to the Wisconsin Border

PL-9/PPL-15-137

In the Matter of the Application of Enbridge Energy, Limited Partnership for a Routing Permit for the Line 3 Replacement Project in Minnesota from the North Dakota Border to the Wisconsin Border

Commissioner Lange moved to deny the petitions for reconsideration.

The motion passed 5-0.

Chair Heydinger moved to take the following actions:

- A. Amend the February 1, 2016 Order, deleting paragraph 3c; and
- B. Request that in its presentation of the EIS scoping document to the Commission, the Department estimate the length of time needed to develop the Draft EIS, the length of time that the draft will be available for comment and the conduct of information meetings, and the estimated date that the Final EIS will be available; and
- C. Request that the administrative law judge develop a proposed schedule or schedules with alternatives, if necessary, for the contested case to be considered by the Commission at the time the Department presents its scoping document to the Commission.

The motion failed 2-3; Commissioners Lipschultz, Schuerger, and Tuma voted no.

Chair Heydinger moved to refer to the OAH the petitions for intervention by the Minnesota Center for Environmental Advocacy and the White Earth Band of Ojibwe.

The motion passed 5-0.

Chair Heydinger moved to deny without prejudice the Friends of the Headwaters's March 9, 2016 motion to (1) renegotiate the Department's interagency memorandum of understanding and (2) organize an advisory council.

The motion passed 5-0.

There being no further business, the meeting was concluded.

APPROVED BY THE COMMISSION: May 11, 2016



Daniel P. Wolf, Executive Secretary