

The Commission met on **Wednesday, July 1, 2015**, with Chair Heydinger and Commissioners Lipschultz, Tuma, and Wergin present.

The following matters were taken up by the Commission:

## **ENERGY AGENDA**

### **E-115/M-11-409**

#### **In the Matter of Minnesota Power's Petition for Approval of a Pilot Rider for Customer Affordability of Residential Electricity**

Commissioner Tuma moved that the Commission accept Minnesota Power's third annual CARE Program Report and approve the addition of an arrearage forgiveness component to Minnesota Power's CARE Program.

The motion passed 4-0.

### **G-008/M-95-292**

#### **In the Matter of the Request of Minnegasco for Approval of its Annual Manufactured Gas Plant Update Compliance Filing**

### **G-008/GR-08-1075**

#### **In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota**

Commissioner Wergin moved that the Commission terminate CenterPoint Energy's Insurance Recovery Rider Account tracker and apply all of the insurance proceeds for environmental remediation to offset a recent payment to a specific customer from the tracker account, as identified in the non-public record.

The motion passed 4-0.

### **E-017/S-15-411**

#### **In the Matter of Otter Tail Power Company's Request for Approval of its 2015 Capital Structure and Permission to Issue Securities**

Commissioner Lipschultz moved that the Commission:

1. Approve OTP's requested capital structure; this approval is to be in effect until the 2016 capital structure order is issued.
2. Require OTP to file its next securities issuance petition no later than May 1, 2016.

3. Approve OTP's equity ratio of 52.1 percent and a contingency range of minus/plus 10 percent around the approved equity ratio (46.9% to 57.3%). Equity ratios outside this range may not exceed a period of 60 days without prior Commission approval.
4. Approve OTP's proposed total capitalization of \$960,273,000 with a contingency cap of 10 percent (or \$1,056,300,000). The Company may not exceed its total capitalization, including the requested contingency amount, for a period exceeding 60 days without prior Commission approval.
5. Approve OTP's request to issue short-term debt not to exceed 15 percent of OTP's total capitalization (i.e., \$144,040,950). OTP's short-term debt may not exceed 15 percent of its total capitalization for a period exceeding 60 days without prior Commission approval.
6. Approve any securities issuance during this period in which this Order is in place that would not result in an equity ratio outside the approved range. Securities issuances resulting in an equity ratio outside this range may not exceed a period of 60 days without prior Commission approval.
7. Require OTP to provide, within 20 days after each non-recurring issuance of securities, the following information:
  - a. the specific purposes for individual issuances;
  - b. the type of issuances;
  - c. the timing of issuances;
  - d. the amounts of issuances;
  - e. issuance costs (for common equity issuances, including price per share); and
  - f. interest rates.
8. Require OTP 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 spending on the uses identified in the exhibit or to limit issuances to project specific financing. The exhibit need not list short-term, recurring security issuances.
9. Require OTP 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 OTP in its previous capital structure filing.
10. Require OTP 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.

11. Approve OTP's request for a variance to allow it to treat any loan under its multi-year credit facility as a short-term debt and require OTP to report on its use of such facilities, including:
  - a. how often they are used;
  - b. the amount involved; and
  - c. Rates and financing costs and the intended uses of the financing.

The motion passed 4-0.

**G-002/M-15-195**

**In the Matter of the Petition by Northern States Power Company for Approval of Extension Surcharge Provisions in the New Area Surcharge Rider Tariff and to Bring Barnesville and Holdingford Under the Governance of the Modified Tariff**

Commissioner Wergin moved that the Commission:

1. Approve the proposed NAS and ES Riders tariff, which includes the:
  - a. method of accounting for ES projects effective as of the date of the Commission's Order in the current docket;
  - b. condition that when a new town is added the approved surcharge rates would change only if the rates were to decrease by one percent or greater; and
  - c. change to the maximum term of the NAS and ES tariff from 15-30 years.
2. Allow the Barnesville and Holdingford projects to be under the governance of the proposed NAS and ES Riders tariff.
3. Incorporate the red-lined modifications as described in Attachment A of Xcel's April 13, 2015 comments.

The motion passed 4-0.

**G-011/M-15-165**

**In the Matter of a Petition by Minnesota Energy Resources Corporation for Approval to Modify its Main and Service Extension Model and Amend its Extension Tariffs**

Commissioner Tuma moved that the Commission:

1. Approve MERC's proposed "Customer Extension Model" and its related assumptions used to determine whether customer contribution in aid of construction (CIAC) are required to support natural gas extension projects;

2. Approve MERC's amended tariff sheets to remove the step-by-step inputs and assumption details used by MERC in completing its proposed "Customer Extension Model" replacing it with a general description of the proposed extension model.
3. Require MERC to remove the CCRC factor from its marginal rate used to calculate the required CIAC in its "Customer Extension Model" form a potential new customer and require MERC to make a compliance filing within 30 days after the Commission's order reflecting the marginal rate without MERC's CCRC factor;
4. Require MERC to include in its tariff a statement that the excess footage per foot installation charge is renegotiated every year through a competitive bidding process.
5. Require MERC to state in its tariff that new commercial/industrial customers do not receive an extension allowance.
6. Require MERC to provide an explanation in a compliance filing to this docket within 30 days for not providing a proposed new commercial/industrial customer an extension.
7. Require MERC to continue responding to the Docket 90-563 reporting requirements and continue asking the Department to investigate in every gas rate case the utility company's addition to rate base due to new service extensions to make sure:
  - a. that LDCs (local distribution companies) are applying their tariffs correctly and consistently;
  - b. that the additions are appropriately cost and load justified; and
  - c. that wasteful additions to plant and facilities are not allowed into rate base.
8. Request that the Department and the parties, with respect to the review to be conducted in future rate cases, address the following kinds of questions:
  - a. Should the "free" footage or service extension allowance include the majority of all new extensions with only the extremely long extensions requiring a customer CIAC?
  - b. How should the LDC determine the economic feasibility of service extension projects and whether the excess footage charges are collected?
  - c. Should the LDC's service extension policy be tarified in number of feet without consideration to varying construction costs amongst projects or should the allowance be tarified as a total dollar amount per customer?
  - d. Is the LDC's extension charge refund policy appropriate?

- e. Should customers be allowed to run their own service line from the street to the house (or use an independent contractor) if it would be less expensive than having the utility construct the line?
- f. Should the LDC be required to offer its customers financing for service extension charges? This could be offered as an alternative to paying extension charges in advance of construction.

The motion passed 4–0.

**E-999/M-14-237**

**In the Matter of Commission Consideration and Determination on Compliance with Renewable Energy Standards**

**E-999/PR-14-12**

**In the Matter of a Renewable Energy Certificate Requirement Report for Compliance Year 2013**

**E-999/PR-13-186**

**In the Matter of a Renewable Energy Certificate Retirement Report for Compliance Year 2012**

Commissioner Lipschultz moved that the Commission:

1. Find Dairyland Power Cooperative, Interstate Power and Light, Missouri River Energy Services, East River Electric Power Cooperative Inc, Heartland Consumer Power District, Central Minnesota Municipal Power Agency, Otter Tail Power Company, Southern Minnesota Municipal Power Agency, Xcel Energy, Basin Electric Power Cooperative, L& O Power Cooperative, Great River Energy, Northwestern Wisconsin Electric, Minnkota Power Cooperative, Minnesota Power, and Minnesota Municipal Power Agency have complied with the requirement of Minn. Stat. § 216B.1691, subd. 3(a) by reporting on their plans, activities, and progress with regard to RES.
2. Find that the 16 utilities enumerated above and subject to Minn. Stat. § 216B.1691 have complied with the 2012 and 2013 standards.
3. Find that the 16 utilities subject to Minn. Stat. § 216B.1691 have submitted what appear to be reasonable plans to meet the renewable energy standards for 2014-2016. This finding does not imply that particular generation projects are counted under the RES statute, but is a general finding that the plans filed by the companies demonstrate planned compliance, subject to confirmation of individual project eligibility through normal regulatory process.

The motion passed 4–0.

**E-001/RP-14-77**

**In the Matter of Interstate Power and Light Company's 2014-2029 Integrated Resource Plan**

Commissioner Wergin moved that the Commission:

1. Approve IPL's 2014-2029 resource plan, as filed.
2. Find that IPL's resource plan should use short term power purchase agreements to cover capacity deficits until IPL's new Marshalltown combined cycle unit comes on-line in 2017.
3. Find that the record demonstrates that IPL's resource plan should acquire approximately 200 MW of wind resources in the 2017-2019 timeframe, if it remains the economic choice.
4. Find that IPL's proposed amount of DSM, which on an annual basis averages 1.44 percent of IPL's retail sales, is reasonable for planning purposes.
5. Find that IPL has monitored the important environmental regulations that will impact its resources and operations.
6. Require IPL to file its next resource plan on July 1, 2017.

Commissioner Tuma moved that the above motion language in number 3 above be amended to delete the following phrase:

“if it remains the economic choice”

The motion passed 3-1, with commissioner Wergin voting against the motion.

Commissioner Wergin then moved to amend number 3 of her original motion above as follows:

Find that the record demonstrates, at this time, that IPL's resource plan should acquire approximately 200 megawatts of wind resources in the 2017-2019 timeframe.

The amended motion passed 4-0.

**ET-2,ET-015/CN-14-583 and ET-2,ET-015/TL-15-204**

**In the Matte of the Application of Great River Energy and Minnesota Power for a Certificate of Need and Route Permit for the Motley Area 115 kV Project in Morrison, Cass and Todd Counties**

Commissioner Heydinger moved to take no action.

The motion passed 4-0.

**PL-5/CN-14-320**

**In the Matter of the Application of Minnesota Pipe Line Company, LLC for a Certificate of Need for the Minnesota Pipe Line Reliability Project to Increase Pumping Capacity on Line 4 Crude Oil Pipeline in Hubbard, Wadena, Morrison, Meeker, McLeod, and Scott Counties, Minnesota**

This item was pulled from the agenda.

**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 Pipeline 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 Route Permit for the Line 3 Pipeline Replacement Project in Minnesota from the North Dakota Border to the Wisconsin Border**

Chair Heydinger moved to take the following actions:

1. In Docket No. PL-9/CN-14-916, accept as substantially complete the application of Enbridge Energy, Limited Partnership (Enbridge) for a certificate of need.
2. In Docket No. PL-9/PPL-15-137, accept as substantially complete Enbridge's application for a pipeline route permit.
3. Refer the certificate of need application to the Office of Administrative Hearings for contested case proceedings.
4. Request that the administrative law judge assigned to the matter emphasize the statutory time frame for the Commission to make final decisions on the applications and to encourage the parties and participants to adhere to a schedule that conforms to the statutory time frames.
5. Request that the administrative law judge ask parties, participants, and the public to address whether the proposed project and any alternatives to the proposed project meet the selection criteria established in Minn. R. 7853.0130.
6. Request that the administrative law judge prepare a report setting forth findings, conclusions, and recommendations on the merits of the proposed project, alternatives to the proposed project applying the routing criteria set forth in statute and rule; and to provide comments and recommendations, if any, on the conditions and provisions of the certificate of need.

7. Delegate administrative authority, including timing issues, to the Executive Secretary and include these items in the appropriate orders issued in this matter:
  - A. Provide the name, telephone number, and email address of the Commission staff person designated as public advisor to facilitate citizen participation in the process.
  - B. Request that the DOC-DER continue to study the issues and indicate during the hearing process its position on the reasonableness of granting a certificate of need.
  - C. Require Enbridge to facilitate in every reasonable way the continued examination of the issues requested by the Department of Commerce and Commission staff.
  - D. Require Enbridge to place a copy of the applications (printed or compact disc) for review in at least one government center or public library in each county where the proposed pipeline project is located, and place the applications and any required supplements on a website so that they can be accessed electronically.
  - E. Direct Commission staff to work with the administrative law judge in selecting suitable dates and locations for the public and evidentiary hearings on the applications.
  - F. Direct Commission staff to work with the administrative law judge in developing a notice of public and evidentiary hearings in accordance with the requirements of Minn. R. 1405.0500.
  - G. Regarding notification to landowners, require Enbridge to send the Commission approved notice of public and evidentiary hearings to the entities identified in Minn. Stat. § 216E.03, subd. 6 and Minn. R. 7829.2560, subp. 3, at least 10 days in advance but no earlier than 45 days prior to commencement of the hearing. Regarding publication of the notice, require Enbridge to publish notice of the hearings in newspapers of general circulation in the areas likely to be affected by the proposed pipeline at least 10 days prior to the start of the hearings. Upon completion, require NDPC to submit a filing 20 days after issuance and publication of the notice demonstrating compliance, such as, proofs of publication and a list of the names and addresses of notice recipients.
8. In Docket No. PL-9/PPL-15-137, authorize DOC-EERA to establish one or more citizen advisory committee(s) and develop a proposed structure and charge for the advisory committee(s).
9. In Docket No. PL-9/PPL-15-137, authorize DOC-EERA to administer the alternative route proposal development process under Minn. R. 7852.1400.
10. In Docket No. PL-9/CN-14-916, authorize DOC-EERA to prepare an environmental analysis.



11. Require Enbridge to submit information consistent with the Commission's Order in the Sandpiper Pipeline Project dockets<sup>1</sup> as needed to complete the comparative environmental analysis for the possible shared co-location of this project with the Sandpiper Pipeline Project for the Clearwater to Superior segment.
12. In Docket No. PL-9/PPL-15-137, approve an application fee of \$700,000 for the costs required to process the pipeline routing permit application.
13. Vary the time period of Minn. R. 7852.2000, subp. 4, and extend the 21-day time limit for Commission decision on the pipeline route permit application completeness.
14. Vary the time period of Minn. R. 7853.0200, subp. 7, and extend the 15-day time limit for Commission decision on the certificate of need application completeness.
15. Vary Minn. R. 7853.0240 to allow for the filing of a need summary greater than the 15 page maximum.
16. Vary the time period of Minn. R. 7852.1400, subp. 3(C), and extend the 70-day time limit for alternative route proposal acceptance to 90 days.
17. Vary the time limits of Minn. R. 7852.1400, subp. 4, to extend the time limits associated with Commission approval of route alternatives to be considered at hearing.
18. Vary the "in-county meeting" requirement of Minn. R. 7852.1300, subp 1(A) and (B) and allow for meetings in areas near and conveniently spaced along the proposed route.
19. The parties should consider conducting at least one required meeting or hearing on or near tribal lands.

The motion passed 4–0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: October 28, 2015**



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**Daniel P. Wolf, Executive Secretary**

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<sup>1</sup> Docket No. 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*, and Docket No. 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*.