

The Commission met on **Thursday, January 28, 2016**, with Chair Heydinger and Commissioners Lange, Lipschultz, Tuma, and Wergin present.

The following matters came before the Commission:

ENERGY AGENDA

ET-2,E-015/CN-14-787

ET-2,E-015/TL-14-797

In the Matter of the Joint Applications of Great River Energy and Minnesota Power for a Certificate of Need and a Route Permit for the Menahga Area 115 kV Transmission Line Project in Hubbard, Wadena and Becker Counties

Commissioner Tuma moved to take the following actions:

1. Determine that the environmental assessment and the record created at the public hearing address the issues identified in the environmental assessment scoping decision.
2. Approve and adopt the Proposed Findings of Fact and Conclusions of Law filed by Great River Energy and Minnesota Power (the Applicants) to include the modifications proposed by the Energy Environmental Review and Analysis Division (EERA) of the Minnesota Department of Commerce (DOC).
3. Grant a certificate of need to the Applicants for the Menahga Area 115 kV Transmission Line Project.
4. Between the Hubbard substation and the Blueberry substation, issue a high-voltage transmission line route permit selecting the Applicants' proposed route and the Andersen alignment.
5. Between the Blueberry substation and the Red Eye substation, issue a high-voltage transmission line route permit selecting the 119th Ave. route alternative with further modifications to include a segment of the Pipeline South route alternative as depicted in attachment C (Map Sheet 17 of 30) of the EERA's Comments from December 8, 2015. Modify Finding 204 accordingly.
6. As an additional mitigation option to Motion Paragraph 5, and providing that the Minnesota Department of Natural Resources and affected landowners within 500 feet of the new proposed route segment alternative consent to the change, in addition to Motion Paragraph 4 the permittee may proceed along the following alternative route segment:

Between the Blueberry substation and the Red Eye substation, issue a high voltage transmission line route permit selecting the 119th Ave. route alternative including the proposed alternative route segment located in Red Eye Twp. T137N, R35W, and modify finding 204 accordingly.

7. Accept the revised permit conditions as proposed by DOC EERA and identified by Commission staff.

Commissioner Tuma modified the motion to withdraw Motion Paragraph 6.

Chair Heydinger proposed to amend Motion Paragraph 2 as follows:

2. Approve and adopt the Findings of Fact and Conclusions to include the modifications proposed by the EERA and as further modified in this order.

Commissioner Tuma accepted the proposed amendment.

Commissioner Tuma amended the motion to include the following:

8. Where the proposed route follows Highway 13, shift the transmission line alignment to the southern side of Highway 13 until it intersects with the 119th Avenue route alternative.

Chair Heydinger moved to amend the motion to omit Motion Paragraph 8. Commissioner Tuma accepted the proposed amendment.

The amended motion passed 5–0.

Commissioner Tuma moved to do the following:

8. Where the proposed route follows Highway 13, shift the transmission line alignment to the southern side of Highway 13 until it intersects with the 119th Avenue route alternative.

The motion passed 5–0.

G-022/S-15-956

In the Matter of the Petition of Greater Minnesota Gas, Inc. for Approval of 2016 Capital Structure and Permission to Issue Securities

Chair Heydinger moved to take the following actions:

1. approve a capitalization of \$36.3 million, as proposed by GMG;
2. approve a capitalization contingency of \$3.6 million above the estimated 2016 year-end total capitalization;
3. approve a total capitalization of \$40.0 million;
 - a. approve common equity ratio of 32.24 percent, short-term debt ratio of 3.27 percent, and long-term debt ratio of 64.49 percent;

- b. approve an equity ratio contingency range of 31.00 percent to 38.61 percent;
 - c. require GMG, if its equity ratio is less than 31.59 percent on April 1, 2016, or thereafter, to inject equity or make other changes such that its equity ratio is at least 31.59 percent;
 - d. require that GMG maintain an equity ratio of at least 31.00 percent at all times;
 - e. require GMG make monthly compliance filings on or before the 15th of each month containing a balance sheet, income statement, and cash flow statement for the first of the prior two months, demonstrating that its equity ratio is at least 31.00 percent;
4. approve a short-term debt contingency cap of 10 percent (i.e., GMG's short-term debt is not to exceed 10 percent of its total capitalization, including the contingency, for more than 60 days); and
 5. require GMG to file a new securities issuance and capital structure petition by January 1, 2017.

The motion passed 5–0.

E-015/M-15-699

In the Matter of Minnesota Power's Petition for Approval of an Electric Service Agreement between Magnetation, LLC and Minnesota Power

Commissioner Lange moved to take the following actions:

1. Approve the proposed ESA and note that the Commission is not making any specific findings as to the benefits to other customers.
2. Direct MP to work with any large power customer who is interested in self-generation or cogeneration to determine how those generation additions may be incorporated into MP's resource-planning decisions.

The motion passed 5–0.

E-015/M-15-1000

Minnesota Power's Petition for Approval of an Amended and Restated Electric Service Agreement Between ArcelorMittal Minorca Mine Inc. and Minnesota Power

Commissioner Wergin moved to approve MP's proposed ESA with ArcelorMittal.

The motion passed 5–0.

E-015/M-15-773

In the Matter of the Petition of Minnesota Power for Approval of Investments and Expenditures in the Camp Ripley Solar Project for Recovery through Minnesota Power's Renewable Resources Rider Under Minn. Stat. § 216B.1645 and Related Tariff Modifications

Chair Heydinger moved to take the following actions:

1. Find that Minnesota Power's investments and expenditures for the Camp Ripley Project will facilitate Minnesota Power's compliance with the renewable energy standards under Minn. Stat. § 216B.1691. Approve the investments and expenditures for the Camp Ripley Project under Minn. Stat. § 216B.1645, subd. 1.
2. Approve Camp Ripley Project investments and expenditures subject to further adjustment by the Commission.
3. Require Minnesota Power to obtain an independent property appraisal for the leased land as evidence of the value appropriate for recovery from ratepayers of the proposed land lease agreement. Require that the appraisal be done to the standards the Department of Natural Resources uses for valuing easements and property purchases.
4. Require that, within 60 days of the date of the order, Minnesota Power file the independent appraisal with the Commission, after which the Commission will determine if the total approved recovery amount for the project should be adjusted for a different land lease payment.
5. Authorize Minnesota Power to recover investments and expenditures in the Camp Ripley Project through its renewable rider based on the actual, reasonable, and prudently incurred project costs, not to exceed \$30 million.
6. Require that Minnesota Power, in addition to demonstrating the prudence of the actual costs of the project as part of its rider cost recovery filings, demonstrate that all aspects of project costs are least-cost and that the Company has applied all possible cost saving methods to reduce the overall cost of the project.
7. Limit approval to the project elements for which Minnesota Power has requested recovery in this docket, and determine that it is not precedent for, and does not determine how, the Commission will treat cost recovery and/or cost allocation of potential future phases, agreements, or memoranda of understanding, between Minnesota Power and the Minnesota National Guard.
8. Require that the Company
 - a. add a new Rider for Solar Energy Adjustment (SEA Rider) in conjunction with the Company's existing Rider for Fuel and Purchased Energy Adjustment (FPE Rider), and to adjust its existing FPE Rider to exclude solar costs and energy;
 - b. add a solar renewable factor as part of the Company's renewable resources rider.

9. Require that, within 60 days of the date of this order, Minnesota Power submit a proposed alternative calculation of the SEA Rider. Require that the proposal include, at a minimum:
 - a. an on-peak energy offset or another method that would better reflect the actual avoided energy costs due to solar additions, and
 - b. an analysis of the applicability of the VOS Methodology components.
10. Require Minnesota Power to file a petition at least one year prior to either exercising or declining the Camp Ripley Project's financing purchase option, explaining and requesting Commission authorization of the Company's proposed choice.
11. Require that, as part of its next solar resource acquisition and for future acquisitions of solar generation, Minnesota Power use an open, competitive process, including consideration of numerous locations.
12. Require that, as part of its Solar Energy Standard annual status report, Minnesota Power include all relevant information, including but not limited to the total costs that have been apportioned to and recovered from solar-paying (nonexempt) customers under Minn. Stat. § 216B.1691, subd. 2f(d), that would have been recovered from exempt customers.
13. Require that, within 30 days of the date of this order, Minnesota Power make any necessary compliance filings reflecting all relevant Commission decisions made in the current docket.

The motion passed 5–0.

Commissioner Wergin moved that the Commission require Minnesota Power to itemize on customer bills the Solar Renewable Factor and the Solar Energy Adjustment.

The motion passed 3–2; Chair Heydinger and Commissioner Lange voted no.

There being no further business, the meeting was concluded.

APPROVED BY THE COMMISSION: March 9, 2016



Daniel P. Wolf, Executive Secretary