

The Commission met on **Thursday, October 2, 2014**, with Chair Heydinger and Commissioners Boyd, Lange, Lipschultz, and Wergin present.

The following matters came before the Commission:

ENERGY FACILITIES

IP-6914/TL-13-591

In the Matter of the Application of Odell Wind Farm, LLC for a Route Permit for the Odell Wind Farm High Voltage Transmission Line Project in Cottonwood, Jackson, and Martin Counties

Commissioner Lipschultz moved to do the following:

1. Determine that the environmental assessment and the record created at the public hearing addresses the issues identified in the environmental assessment scoping decision.
2. Approve and adopt the administrative law judge's Findings of Fact, Conclusions of Law and Recommendation for Odell Wind Farm High Voltage Transmission Line Project in Cottonwood, Jackson, and Martin Counties, as modified by Odell Wind Farm, LLC's proposed exceptions and set forth below (but retaining citations from the original):

FINDINGS OF FACT

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3. The Proposed Route of the Project extends from the new Odell Wind Farm substation located in Section 32 of Mountain Lake Township in Cottonwood County and heads east along County Highway 17 to Jackson County Highway 85/600th Avenue. The Proposed Route then turns to run south for approximately one mile. The Proposed Route then turns to run east along Jackson County's 930th Street where, after approximately one mile, it crosses into Martin County and continues east along 240th Street for approximately two miles until the intersection of 240th Street and 30th Avenue. The Proposed Route turns south for the final time on 30th Avenue, ending approximately one and a half miles south at the proposed Woad Hill Substation at the intersection of 30th Avenue and 230th Street in Section 8 or Section 16 of Cedar Township in Martin County.

4. The Woad Hill Substation was originally proposed for the southeast corner of the intersection of 230th Street and 30th Avenue in Section 16 of Cedar Township. In design discussions with [Northern States Power Company d/b/a] Xcel Energy, which owns the transmission line to which the Woad Hill Substation will connect, it was determined that the placement of the Woad Hill Substation in the southeast corner of the intersection of 230th Street and 30th Avenue may not be practicable due to Xcel Energy's internal design spacing requirements for substations and switchyards. Ongoing discussions between Odell and Xcel Energy have resulted in the need for

Odell to investigate the option of locating the Woad Hill Substation in the northwest quadrant of the intersection of 230th Street and 30th Avenue in Section ~~16~~ 8. Odell submitted a request to the Commission to modify the route slightly to accommodate the option of locating the Woad Hill Substation there instead.

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54. Mr. Davis of EERA testified at the public hearing that the option presented by Odell to locate the Woad Hill Substation in the northwest quadrant of the intersection of 230th Street and 30th Avenue in Section ~~16~~ 8 would address the DNR's request to keep the Woad Hill Substation as far from Cedar Creek as practicable.

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RECOMMENDATION

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2. The Commission should grant Odell Wind Farm, LLC, a route permit to construct approximately 9.5 miles of new overhead 115 kV transmission line between the proposed project substation for the Odell Wind Farm and the proposed Woad Hill Substation and to construct the Woad Hill Substation.

a. Approximately 9.5 miles of new overhead 115 kV transmission line between the proposed project substation for the Odell Wind Farm and the proposed Woad Hill Substation. The Project will extend from the new Odell Wind Farm Substation, located in Section 32 of Mountain Lake Township in Cottonwood County, to the new Woad Hill Substation, in Section 8 or Section 16 of Cedar Township in Martin County. The HVTL line originates at the Odell Wind Farm Substation and heads east along County Highway 17 to Jackson County Highway 85/600th Avenue. The Project then turns to run south for approximately one mile. The Project then turns to run east along Jackson County's 930th Street where, after approximately one mile, it crosses into Martin County and continues east along 240th Street for approximately two miles until the intersection of 240th Street and 30th Avenue. The Project turns South for the final time on 30th Avenue, ending approximately one and a half miles south at the proposed Woad Hill Substation at the intersection of 30th Avenue and 230th Street in Martin County. The route width for the transmission line is between 150 and 600 feet. For the majority of the Proposed Route, the route width is 150 feet extending from the road centerline. In Sections 1 and 12 of T104 R34 in Jackson County, the route width is 300 feet, 150 feet on each side of the road centerline. In Sections 6 and 7 of T104 R33 in Martin County, the route width is 600 feet; and,

b. The Woad Hill Substation, which will be a 345/115 kV substation on the Lakefield Generation-Fieldon segment of Xcel Energy's Lakefield JunctionWilmarth 345 kV transmission line. The Woad Hill Substation will be located in Section 8 or Section 16 of Cedar Township in Martin County at the intersection of 230th Street and 30th Avenue with the final configuration determined during discussions and negotiations between the applicant and Xcel Energy.

3. Issue the draft high-voltage transmission line route permit to Odell Wind Farm, LLC identifying a specific route and permit conditions for the Odell Wind Farm High Voltage Transmission Line Project, modified as set forth below:

2.0 PROJECT DESCRIPTION

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2.2.1 Substations

The new Woad Hill Substation will be constructed either in the NW or SE quadrant of east of 30th Avenue and south of 230th Street in Section 8 or Section 16 of Cedar Township in Martin County. The substation will consist of supporting structures for high voltage electrical structures, breakers, transformers, lightning protection, and control equipment. The area around the substation will be fenced with driveway access from the east and north. The ground within the substation will be graded and secondary containment areas for the transformer will be installed as necessary. Gravel will be placed on the surface of the ground in and around the substation to assist with weed control. The Woad Hill Substation will take up approximately 10 acres of land.

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3.0 DESIGNATED ROUTE

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The Project will utilize a variable 150 to 600 foot route width. The majority of the Route will be 150 feet wide extending from the road centerline. The route width in Sections 1 and 12 of Kimball Township in Jackson County will be 300 feet, extending 150 feet on both sides of the road centerline in order to provide flexibility to accommodate distances from home. The route width in Sections 6 and 7 of Cedar Township in Martin ~~Martine~~ County will be 600 feet to allow flexibility to work around a known easement title issues.

The motion passed 5 – 0.

TELECOMMUNICATIONS AGENDA

P-421/AM-14-255

In the Matter of the Petition of CenturyLink, Inc. for Waiver of Minnesota Rules Part 7810.5800

Chair Heydinger moved to deny the petition of CenturyLink, Inc. for reconsideration of the Commission's Order Denying Variance Request (August 11, 2014) in this docket.

The motion passed 5 - 0.

P-407/AM-14-603

In the Matter of a Tariff Filing of Citizens to Introduce Emergency Connect Service as a Flexibly Priced Service

P-405/AM-14-604

In the Matter of a Tariff Filings of Frontier to Introduce Emergency Connect Service as a Flexibly Priced Service

Commissioner Lipschultz moved to find that Emergency Connect Service is a price-regulated service.

The motion passed 5 - 0.

P-405/AR-14-735

In the Matter of a Petition by Frontier Communications of Minnesota, Inc. for Approval of its Revised Alternative Regulation (AFOR) Plan

Chair Heydinger moved to take the following actions:

1. Require that Frontier Communications of Minnesota, Inc. (Frontier) post on its website by October 13, 2014, its petition, any public meetings determined to be required by the Commission, and the case timetable and any other pertinent information.
2. Require that Frontier post notice on the public portion of its website as well as in the area where normal communications occur with telecommunications carriers with which it has an interconnection agreement.
3. Require that Frontier serve notice on all retail customers within 45 days after the notice is approved by the Executive Secretary. The customer notice must be developed with the Department and Commission staff, and contain information about the availability of the Plan details and the ability to post comments and questions through the Commission's website.

4. Require that within 10 days of the date of the Commission's order, any interested person wishing to be on the service list shall file a Declaration of Interest form.
5. Require that within 10 days of the date of the order, any interested person wishing to intervene as a party shall file a petition to intervene.
6. Require that within 10 days of the date of the order, any proposed protective orders shall be filed.
7. Require that Frontier, and all parties, answer any information requests within 10 days of receipt, and require that they serve a copy of each information request and answer on the service list, and on non-party participants upon request.
8. Require that comments on the adequacy of the Company's August 29 filing be filed by November 10, 2014.
9. Require that comments on the merits of the petition be filed by December 5, 2014, and replies be filed by December 19, 2014.
10. Require that Frontier prominently include on its website and in customer notices instructions on how to post comments regarding the proposed plan using the Commission's website, and include a link to the Commission's website. Require that Frontier further provide the following instructions:

Persons without internet access may send Comments by U.S. mail to Minnesota Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101-2147. Commenters should include the Commission's docket number **14-735** in all communications.
11. Require that Frontier file in the case record any public comments it receives.
12. Direct that parties filing comments or participating in settlement discussions to formally address the public interest aspects of the Company's proposal, and the proposal's compliance with all relevant statutes. Direct parties to address, at a minimum, the 11 issues identified in pages 6 – 9 of the Commission staff's September 25, 2014, Briefing Papers (Appendix B).
13. Delegate to the Executive Secretary authority to handle further procedural issues.
14. Convenes a settlement conference and direct the parties to conduct initial discussions within 10 days of the date of the Order. Require that parties submit any resulting settlement agreement by December 19, 2014.
15. Require that Frontier submit a written progress report regarding the status of settlement discussions on November 10 and November 28, 2014.

The motion passed 5 – 0.

ENERGY AGENDA

E-999/CI-11-852

In the Matter of Utility Renewable Energy Cost Impact Reports Required by Minnesota Statutes Section 216B.1691, Subd. 2e

Chair Heydinger moved to do the following:

1. Regarding rate impact reports to be filed under Minn. Stat. § 216B.1691, subd. 2e, find that the following facilities should be included in the Renewable Energy Standard (RES)/Solar Energy Standard (SES) calculation: All facilities used to comply with the RES/SES, regardless of when they were constructed.
2. Direct each utility filing a rate impact report in its integrated resource plan (IRP) to file the report as an appendix in the utility's IRP and clearly identify it in the table of contents.
3. Direct all utilities that are subject to Minn. Stat. § 216B.1691 but are 1) not required to file IRPs under Minn. Stat. § 216B.2422 or 2) eligible to make filings under Minn. Stat. § 216B.2422, subd. 2b, to file their rate impact reports as part of their biennial RES compliance dockets.
4. Direct parties to develop a new uniform reporting template with *direct costs* defined to include payments under power purchase agreements (PPAs) and revenue requirements associated with utility-owned renewable energy projects.

The motion passed 5 – 0.

Chair Heydinger moved to do the following:

5. Find that the timeframe for the analysis should be starting with the year following the last reported year out through 15 years, which includes the embedded revenue requirement of all facilities currently used to comply with the RES/SES.

The motion passed 5 – 0.

Commissioner Wergin moved to do the following:

6. Find that another timeframe for the analysis should include historical reports for the period 2005 until the period governed by Motion Paragraph 5, above.

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

Chair Heydinger moved to find that the RES/SES rate impact report template should do the following:

7. Include an additional rate impact calculation reflecting the fact that because renewable energy comprises only a fraction of a utility's total energy costs, the retail or wholesale rate impact will only be a fraction of the renewable premium/discount, as the majority of the utility's energy costs will be the same as they would have been absent an RES/SES.
8. Incorporate such additional modifications as are agreed upon by the Department and the parties.

The motion passed 5 – 0.

Chair Heydinger moved to do the following:

9. Develop a new template that calculates a utility's per-kWh cost of compliance. In calculating indirect costs --
 - A. Utilities do not have to attempt to quantify the ancillary services costs, baseload cycling costs, or intermittency cost that may have been incurred as a result of adding renewable resources to the utility's generation system.
 - B. Utilities shall provide narrative discussions about what impact, if any, adding renewables may have had on their ancillary services costs and baseload cycling costs.

The motion passed 5 – 0.

Chair Heydinger moved to do the following:

10. Develop a new template that calculates a utility's per-kWh cost of compliance. In calculating transmission costs, utilities shall provide documentation of any direct transmission improvements and estimate the percentage of the expenditure that was directly attributable to RES/SES compliance.

Commissioner Lipschultz proposed to amend the motion as follows:

10. Develop a new template that calculates a utility's per-kWh cost of compliance. In calculating transmission costs, utilities shall provide documentation of any ~~direct~~ transmission improvements exclusively for renewable resources and estimate the percentage of the expenditure that was directly attributable to RES/SES compliance.

Chair Heydinger accepted the amendment.

The amended motion passed 5 – 0.

Chair Heydinger moved to do the following:

11. Direct the companies to include in their reports a narrative estimating costs of any multi-purpose transmission projects, a portion of which are allocated to renewable resources.

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

Chair Heydinger moved to do the following:

12. Develop a new template that calculates a utility's per-kWh avoided costs. The cost of displaced existing generation and avoided market purchases as a result of procuring RES/SES resources or, if the utility needed additional resources, the cost of displaced generation and/or the facilities the utility would have added to its system instead of the renewable resources.

The Chair withdrew her motion.

Chair Heydinger moved to do the following:

13. Develop a new template that calculates a utility's per-kWh avoided costs. Indirect avoided costs shall include –
 - For historical years, avoided emissions costs, defined as the costs of avoided sulfur dioxide (SO₂) and nitrogen oxides (NO_x) permits, and
 - For future years, the rate impact estimates of avoided emissions, with and without the Commission's approved values for environmental externalities and carbon dioxide (CO₂) values.

The Chair withdrew her motion.

Commissioner Lange moved to do the following:

12. Develop a new template that calculates a utility's per-kWh avoided costs. Direct avoided costs shall include --
 - The avoided energy costs of displacing existing generation and/or avoided market purchases, and
 - The avoided capacity costs of any additional resources that would have otherwise been procured,

in the absence of the RES/SES.

The motion passed 5 – 0.

Commissioner Lipschultz moved to do the following:

13. Develop a new template that calculates a utility's per-kWh avoided costs. Indirect avoided costs shall include –

- For historical years, avoided emissions costs, defined as the costs of avoided permits for emitting sulfur dioxide (SO₂) and nitrogen oxides (NO_x), and
- For future years, expected savings from the avoidance of future emission compliance costs, including the range of compliance cost values for carbon dioxide (CO₂) set by the Commission under Minn. Stat. § 216H.06.

The motion passed 5 – 0.

Chair Heydinger moved to do the following:

14. Calculate one set of rate impacts for the RES and a second for the SES.

The motion passed 5 – 0.

Chair Heydinger moved to do the following:

15. Calculate both annualized and levelized costs and avoided costs, including historic costs from 2005 to the year of the IRP and forecasts for the lifetime of the facilities.

Commissioner Lange proposed amending the motion as follows:

15. Calculate both annualized and levelized costs and avoided costs, including historic costs from 2005 to the year of the IRP and forecasts for 15 years ~~the lifetime of the facilities~~.

The Chair accepted the proposal.

The amended motion passed 5 – 0.

Chair Heydinger moved to do the following:

16. Direct the Department to confer with utilities that don't file IRPs and report if some more abbreviated filing requirements may be sufficient.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: March 11, 2015



Daniel P. Wolf, Executive Secretary