Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: April 9**,** 2015 .... ** Agenda Item # **4**

Company: Northern States Power Company d/b/a Xcel Energy

Docket No. G-002/M-14-336

In the Matter of Northern States Power Company's Request for Approval of a Gas Utility Infrastructure Cost (GUIC) Rider

Issue(s): Should the Commission grant the petition for reconsideration of its January 27, 2015 Order as requested by the Office of the Attorney General – Residential Utilities and Antitrust Division?

Staff: Jerry Dasinger ....(651) 201-2235
Dorothy Morrissey...(651) 201-2232
Bob Brill ....(651) 201-2242

Relevant Documents

ORDER APPROVING RIDER WITH MODIFICATIONS ....January 27, 2015
OAG Request for Reconsideration..February 17, 2015
Xcel Answer ....February 27, 2015

The attached materials are workpapers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless otherwise noted.

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March 31, 2015

Statement of the Issue

Should the Commission grant the petition for reconsideration of its January 27, 2015 Order as requested by the Office of the Attorney General – Residential Utilities and Antitrust Division?

Minnesota Statutes and Commission Rules

Petitions for reconsideration are subject to Minn. Stat. § 216B.27, and Minn. Rules part 7829.3000. Petitions for reconsideration are denied by operation of law unless the Commission takes action within sixty days of the request. If the Commission takes no action on the OAG's petition, the request would be considered denied as of April 20, 2015. The Commission may also take specific action to deny the petition.

If the Commission takes up a party's request for reconsideration, the Commission can: (1) reconsider, and (a) affirm, (b) modify or (c) reverse its initial decision, or (2) deny the petition for reconsideration and thereby affirm the initial decision. The Commission may also reconsider its Order on its own motion.

Background

On January 27, 2015, the Commission issued its ORDER APPROVING RIDER WITH MODIFICATIONS

On February 17, 2015, the OAG filed a request for reconsideration of the Commission's decision that the East Metro Pipeline did not constitute a betterment because Xcel provided incorrect information about the increase in capacity, the decision was made without sufficiently considering the maximum allowable operating pressure ("MAOP") that the new pipeline can achieve, which significantly affects capacity, and the Commission's legal analysis of betterments was made without the benefit of legal briefing and does not conform to Minnesota law. The OAG stated that regardless of whether the Commission reconsiders its finding that the East Metro Pipeline did not constitute a betterment, the Commission should reconsider the cost allocation associated with the excess installed capacity to fairly allocate costs from this improvement between firm and interruptible customers

On February 27, 2015, Xcel filed its answer to the OAG's request stating the OAG's argument does not impact the ultimate conclusion that the 20 inch pipe diameter is not a betterment, is the most prudent and reasonable size for the East Metro Pipeline project, and that these costs are properly recoverable through the approved Rider. The Company argued that there is no basis to find the Commission's Order "unlawful" or "unreasonable" as required under Minn. Stat. § 216B.27, subd. 3. Xcel requested that the Commission deny the OAG's Request for Reconsideration.

Commission Decision

In its January 27, 2015 Order, the Commission made the following determination regarding whether East Metro Project constitutes a betterment:

The GUIC statute (Minn. Stat. § 216B.1635) provides for rider recovery of the costs of infrastructure projects that "do not constitute a betterment, unless the betterment is based on requirements by a political subdivision or a federal or state agency."

The statute does not define "betterment." However, *Black's Law Dictionary* contains three definitions of the term:

> 1. An improvement that increases the value of real property; esp., an enhancement in the nature of an alteration or addition that goes beyond repair or restoration to a former condition. . . . 2. An improvement of a highway, railroad, or building that goes beyond repair or restoration. 3. An increase in value, esp. real-estate value, attributable to improvements.

None of *Black's* definitions perfectly fits the context of utility infrastructure projects. However, the second definition comes the closest. It states that an improvement that goes "beyond repair or restoration" rises to the level of a betterment.

The OAG's argument, in essence, is that the increased size of the new East Metro pipeline goes beyond mere repair or restoration. Xcel and the Department, on the other hand, argue that 20 inches is the smallest pipe diameter consistent with prudent engineering practices.

The Commission concurs with Xcel and the Department that the East Metro project will not result in a betterment. Using 20-inch rather than 18-inch pipe is not a betterment because it is the best engineering choice to restore the pipe to its original, safe condition. Had Xcel used 24- or 30-inch pipe, the situation would be different, since it would suggest that the Company was taking advantage of the replacement to increase its capacity. However, 20 inches is the pipe size Xcel routinely uses when replacing its transmission lines. The East Metro project therefore does not go "beyond repair or restoration" and is not a betterment.

For similar reasons, the Commission concurs with the Department and Xcel that, regardless of whether 20-inch pipe constitutes a betterment, the East Metro pipeline-replacement costs are eligible for rider recovery. Xcel is not required to use substandard materials to avoid a betterment, nor is it required to use materials that complicate—and potentially compromise—ongoing safety inspections of its transmission system. Using 20-inch pipe is the most prudent choice incidental to fulfilling federally mandated pipeline-integrity requirements. Therefore, the 20-inch pipe is "based on" requirements by a federal agency and would be a permissible betterment under the GUIC statute.

For the foregoing reasons, the Commission will allow Xcel to recover all East Metro project costs through the GUIC rider. And because the record would not benefit from further development of this issue, the Commission denies the OAG's request to postpone the hearing for that purpose.

Party Positions

OAG

The OAG stated that Minnesota Statutes section 216B.1635 provides that the costs in the GUIC rider must be the result of replacing gas facilities as a result of public works construction, or as the result of "replacement or modification of existing natural gas facilities . . . that is required by a federal or state agency." The statute also provides that the costs recovered through a GUIC rider may not constitute a "betterment," unless the betterment is "based on requirements by a [government agency], as evidenced by specific documentation." The OAG argued that because the increased capacity of the East Metro Pipeline was not required by state or federal law, and would provide significant benefits to some customer classes and Xcel, the Commission should clarify or reconsider its Order finding that the East Metro Pipeline does not constitute a betterment.

Xcel indicated that the East Metro Pipeline varied from 16 to 24 inches in diameter, but that the new pipeline would be 20 inches in diameter. Xcel indicated that an 18 inch pipe would have been sufficient to meet the current capacity needs of the pipeline, but that Xcel decided to use a 20 inch pipe instead because Xcel considered the 18 inch pipe to be "nonstandard" and because Xcel uses the 20 inch pipe in other parts of its system. Xcel indicated that increasing the pipeline to 20 inches would increase the capacity of the pipeline from 5,275 Dth/hour to 5,980 Dth/hour, an increase of 695 Dth/hour, or 13%, if operated at 175 psi. Further, Xcel indicated that the new pipe would allow the East Metro Pipeline to increase its MAOP from 175 psi to 650 psi, although Xcel claims that it has no plans to operate the pipeline above 175 psi and did not include any pressure increase in its capacity calculation.

Rather than basing its decision on any source of Minnesota law, the Commission supported its Order solely on one definition, out of several options, selected from Black's Law Dictionary. Based only on this definition, the Commission concluded that the East Metro Pipeline was not a betterment because it "does not go 'beyond repair or restoration.'" The OAG argued that the decision resulted from incomplete analysis on the issue of betterments.

Pipeline Capacity

The OAG argued that newly discovered information shows that Xcel incorrectly calculated the capacity of the East Metro Pipeline both before and after the upgrades, and that Xcel significantly understated the increased capacity, and therefore increased sales to interruptible customers will be possible after the upgrade. After correcting the calculations, Xcel's new estimate indicates that the East Metro Pipeline Project will increase the capacity of the pipeline by 1,269 Dth/hour, rather than the 695 Dth/hour Xcel stated in its original petition. Xcel recalculated the current capacity of the pipeline as 4,403 Dth/hour, and stated that the upgrade will give the pipeline a final capacity of 5,672 Dth/hour at 175 psi. Xcel's new calculation demonstrates that the proposed East Metro Pipeline will increase capacity by approximately 30 percent, not 13 percent.

According to the OAG, the increased capacity within the East Metro Pipeline could provide throughput sales for an additional 125,000 residential customers annually. The significance of the increase is put in perspective by considering that Xcel currently serves fewer than 100,000 residential customers from the East Metro Pipeline.

While Xcel currently operates the pipeline at 175 psi, and claims that it will continue to do so after the East Metro Pipeline Project is complete, the upgrades will allow the line to operate at 650 psi. Increasing the pressure to 650 psi will increase the capacity of the line to 24,352 Dth/hour, an increase of 553 percent. Instead of comparing the current and future pipeline under the MAOP, the information Xcel presented to the Commission assumes that Xcel will never increase the pressure, even though it will now have the ability to do so as a result of the project.

Once upstream and downstream constraints are relieved, a process Xcel could decide to undertake at any time, Xcel can increase the pressure within the East Metro Pipeline, and thereby increase capacity by over 4 times the amount Xcel current claims to have installed.

The OAG argued that the Commission should determine that old and new pipelines should be compared using a direct comparison based on MAOP because it is an objective metric not subject to change by the utility. Xcel claims that it has no plans to increase the pressure in the East Metro Pipeline, and that there are upstream and downstream constraints on the pipeline that would currently prohibit increasing the pressure. Regardless of whether Xcel has "plans" to increase the pressure, though, having the capability to do so is a business advantage for Xcel. Moreover, it is not clear whether Xcel would have to notify the Commission if such an increase in pressure were to occur in the future.

The OAG argued that the Commission should reconsider its decision in light of the new information which highlights three significant problems with the East Metro Pipeline: First, the increased capacity installed on the East Metro Pipeline will provide a benefit for Xcel, and Xcel's interruptible customers, but will be paid for by firm customers who receive no benefit from increased capacity. Second, the magnitude of the increased capacity indicates that the East Metro Pipeline Project, or at least a portion of the project related to increased capacity, is a betterment that cannot be recovered through the GUIC Rider. Third, the new information suggests that Xcel may have had the option to replace the existing pipeline at a lower cost by installing a smaller pipeline, and operating it at a higher pressure, instead of installing a large pipeline and operating it well below its capacity. As a result, it is not clear whether Xcel's entire investment in the East Metro Pipeline was prudently incurred or was selected to provide the most financial benefit to Xcel.

Costs Charged to Interruptible Customers

The OAG stated that the East Metro Pipeline Project will result in dramatically increased capacity on the line. Xcel designs its transmission and distribution system based off of the requirements to serve solely firm demand requirements. These firm customers pay all of the demand costs of Xcel's system; interruptible customers pay no demand costs. Xcel does not claim, and has not produced any evidence showing, that the East Metro Pipeline needs more capacity to meet the demand of firm customers. The OAG argued that the increased capacity on the line will be for the exclusive benefit of interruptible customers.

Xcel's interruptible customers will receive a significant advantage from the capacity increase, while firm customers will receive no advantage. This service increases the value of interruptible service to those customers. Moreover, interruptible load is not a design consideration within Xcel's distribution and transmission system because these customers can have their demand curtailed at any time. For this reason, interruptible customers receive a lower rate for service and are not allocated some costs within the class cost of service study ("CCOSS").

Even though the benefit of the increased capacity will be entirely for interruptible customers, firm customers will be the ones paying for the capacity upgrades. Capacity costs, like the cost of increasing the capacity of the East Metro Pipeline, within the CCOSS are allocated only to firm customers. None of the costs related to capacity are allocated to interruptible customers. Under this method, firm customers, including the residential class, will be required to pay for a massive pipeline upgrade that will provide them no economic benefit, but will be of significant economic benefit for interruptible customers.

Betterment

The OAG stated that the Minnesota Supreme Court has already provided guidance on the concept of betterments in other contexts. For example, for the purpose of determining the statute of repose for negligent improvement lawsuits, the Supreme Court has stated that a betterment "involves the expenditure of labor or money and is designed to make the property more useful or valuable as distinguished from ordinary repairs." When applying this definition to public utility property, the Supreme Court held that the three factors used to determine whether a betterment is an improvement to real property are whether the betterment "is permanent, whether it enhances the capital value of the property, and whether it is designed to make the real property more useful or valuable, rather than intended to restore the property's previous usefulness or value." Given that the Supreme Court has already defined a betterment in this context, the Commission should not have proceeded without incorporating or distinguishing this definition in the context of utility infrastructure.

In both construction law and in Minnesota case law, the primary factor in determining whether an improvement is a betterment is whether the improvement was necessary to restore the property to its original condition, or whether the improvement has increased the value of the property beyond its original condition. Based on this understanding of a betterment, it is clear that the East Metro Pipeline Project is a betterment because it will increase the value of the East Metro Pipeline beyond its original condition, rather than returning it to the original condition.

The OAG argued that in determining that the project is not a betterment, the Commission did not apply the proper analysis to determine whether the East Metro Pipeline Project will result in a betterment. Xcel's claim is that the Project is not a betterment because 20-inch pipe is standard. But that fact is irrelevant. To analyze whether the Project will result in a betterment, the final result of the Project must be compared to the pre-existing condition of the East Metro Pipeline, including its potential value and capacity. If the Pipeline after the Project has additional value or usefulness when compared to the original pipeline, then there has been a betterment regardless of whether Xcel followed standard engineering practices.

The OAG also argued that in performing its analysis, the Commission should have considered the increased value of the project, including the increased capacity, rather than focusing only on the size of the pipe used for replacement. While the size of the pipeline is one measure of the value of a pipeline, the true value of the pipeline is in its ability to transport gas, which is directly tied to capacity. Capacity is a function of pressure, size, and other variables. It does not matter if the 20-inch pipe was the most reasonable decision; the result of using the 20-inch pipe is a significant capacity increase, and that increase represents a betterment because it increases the value of the East Metro Pipeline beyond its original condition.

The OAG did not suggest that the entire East Metro Pipeline project is a betterment. For example, the costs that were necessary to return the Pipeline to its original condition and value are not a betterment, and can be collected through the rider under Minnesota law. But the proportional further increase in value is a betterment that cannot be recovered through a GUIC rider under Minnesota law, and the Commission's decision, therefore, should be reconsidered.

In determining that the Project is eligible for the GUIC rider even if it is a betterment, the Commission concluded that the "20-inch pipe is 'based on' requirements by a federal agency" because "using a 20-inch pipe is the most prudent choice incidental to fulfilling federally mandated pipeline-integrity requirements." The OAG states that the Commission's conclusion, by its own terms, impermissibly expands the type of costs that can be recovered through the GUIC rider. The GUIC statute states that betterments may be recovered if they are "based on" federal law. But in its Order, the Commission allows Xcel to include not only betterments that are "based on" federal requirements, but betterments that are "incidental" to federal requirements. Things that are "incidental" are just that: incidental, and not required.

Xcel had to make safety repairs to comply with federal law, but no federal or state law required Xcel to use 20-inch pipe and significantly increase the capacity of the pipe while doing so. Regardless of whether Xcel's decision to use the 20-inch pipe was reasonable, it was not required from an engineering perspective, so the incremental advantage that Xcel received from that capacity increase by making that decision is a "betterment" that cannot be recovered through a GUIC rider.

Recommendation

The OAG recommended that the Commission prohibit Xcel from recovering those costs for the East Metro Pipeline in excess of the Pipeline's original value.

The OAG indicated that the Commission could determine the proportion of the East Metro Pipeline costs that are related to betterment by comparing the overall capacity to that which is required to serve firm load. Or determine the proportion of costs that are a betterment by obtaining a valuation estimate of the currently existing pipeline in its original condition. The OAG recommended the first method because it does not rely on potentially imprecise valuation models

The OAG also suggested that at the very least, the Commission should clarify its Order to make clear that its decision is limited to the facts of this case.

In Summary, the OAG argued that the Commission's Order was based on inaccurate information and incomplete legal analysis. In light of the new information and analysis presented by the OAG, the Commission should reconsider its decision.

Xcel

The Company stated the OAG's argument does not impact the ultimate conclusion that the 20 inch pipe diameter is not a betterment, is the most prudent and reasonable size for the East Metro Pipeline project, and that these costs are properly recoverable through the approved Rider. Thus, there is no basis to find the Commission's Order "unlawful" or "unreasonable" as required under Minn. Stat. § 216B.27, subd. 3. Xcel requested that the Commission deny the OAG's Request for Reconsideration.

The Company argued that the revised information about the pipeline does not change the conclusions that utilizing standard 20 inch pipe was appropriate, is not a betterment, or regardless of whether it is a betterment, is recoverable through the Rider.

The OAG is correct that Xcel's Petition included an estimate that the East Metro Pipeline capacity will increase by 695 Dth/hour. The Company provided updated estimates to the parties. The Company stated that the inadvertent error in its Petition does not impact the analysis or the conclusion that the 20 inch pipe was the only option for a safe and reliable replacement.

Xcel stated that construction of an 18 inch diameter line was considered. The Company argued that utilizing a nonstandard pipe diameter can result in safety issues and operational constraints such as limited availability of pipe fittings, longer lead times for pipe and fittings, and less availability of tapping and stopple equipment. In the event of an emergency situation on the East Metro Pipeline, swift repairs to the condition of the pipeline are paramount, and making repairs on an industry standard pipeline will aid the promptness of those repairs.

According to the Company, the majority of existing pipelines in its bulk gas system are constructed of 20 inch diameter pipe, which provides for synergies across the system in the case of repairs and in-line assessments. Constructing the pipeline with a consistent 20 inch diameter allows the Company to utilize state of the art In-Line Inspection (ILI) tools to regularly assess the health and condition of the line and proactively make repairs as needed based on results from these assessments.

The revised capacity information does not change the fact that the 16 inch pipe is too small, the 18 inch pipe is non-standard and thus not optimal for public safety, and the industry standard 20 inch pipe is the most appropriate solution.

Xcel argued that the entirety of the East Metro Pipeline project is recoverable through the Rider. According to Xcel, the following table shows the cost difference between the 18 inch pipe and the 20 inch pipe:

Capital Cost of Pipe

	Uninstalled Capital Expenditures (Pipe Cost alone)	Installed Capital Expenditures
18-inch Pipe	$2,190,078	$68,753,478
20-inch Pipe	$2,436,600	$69,000,000
Cost Difference (20 inch-18 inch)	**$246,522**	**$246,522**
Change in 2015 Revenue Requirement	**$23,800**	**$23,800**

According to the Company, this difference would result in an adjustment to a residential customer's rate of approximately $.03/year.

The Company stated it has no plans to operate the East Metro system at a pressure higher than 175 psig, and in fact, is unable to operate the system at a higher operating pressure without significant additional system investments. The East Metro Pipeline is part of a series of integrated pipelines that all operate at 175 psig.

There is only one existing source of gas supply at 650 psig: the Cedar Line, which terminates at the Mendota Station. In order to operate the East Metro Pipeline at 650 psig, Xcel Energy would need to replace 2 other pipelines, rebuild Mendota Station, install new regulation at Rice Street & B Street, and make modifications to the Sibley Propane Air Peaking Plant. The Company estimated that these investments would cost in excess of $17 million in capital. The Company also stated it has no plans to modify the gas system to provide 650 psig to the East Metro pipeline because it would be unnecessary to meet any current or forecasted demand.

The Company stated that the increased potential operating pressure is a result of the enhanced safety design. It is not the result of a Company plan to operate the line at a higher pressure. The choice of pipe diameter will not result in any increased capacity on the line or any increased sales to customers.

Class Allocation for GUIC rider

The Company stated it believes the class allocation of the GUIC costs, including the East Metro Pipeline costs, do not result in an inappropriate bill impact for interruptible customers. Customers on the East Metro Pipeline will continue to face interruptions due to upstream reasons.

According to Xcel, it reviewed customer curtailments over the previous four winters and determined that all the curtailments were caused by the inability to get supply delivered on the interstate pipeline to NSP's service territory. If the new East Metro Pipeline had been in service with the increased capacity, it would not have eliminated the need to curtail service, and the interruptible customers would still have been interrupted and interruptible customers would not have experienced increased sales.

Xcel argued that the allocation the Commission approved for costs associated with the East Metro Pipeline project was appropriate. The GUIC costs benefit all classes of customers, and the apportionment based on the revenues in the last gas rate case assigns the costs to all classes of customers.

Staff Analysis

With the safety program, there are only two basic criteria that should be applied for evaluating if a betterment has occurred. The two criteria are: is the new pipe safe and is the capacity of the new pipe capable of delivering the necessary amount of gas currently required to serve the existing customers. Any factors considered in the construction plan that exceed these two narrow criteria go beyond the requirements of the regulations and point towards the creation of a betterment.

The purpose of the pipeline evaluation program is to determine what pipes cannot be operated safely. All identified pipes would then be replaced with a safe pipe. Basically, a safe pipe is one that does not leak and is constructed in a manner that would not cause the pipe to be prone to develop leakage. The regulations do not specify any size or material for the replacement pipe. Xcel admitted at the hearing that it was not required by any law or regulation to use a 20 inch pipe for the East Metro project. The 20 inch pipe was solely Xcel's decision and not a requirement for a safe pipe. It was not based on "requirements by a federal agency."

Xcel stated in its answer that construction of an 18 inch diameter line was considered because a pipe of that size diameter met current capacity needs. Therefore, the 18 inch pipe was all that was needed for the pipeline to continue to deliver the amount of gas necessary to serve its current existing customers.

In its answer, Xcel claimed that the inadvertent error in its Petition does not impact the analysis or the conclusion that the 20 inch pipe was the only option for a safe and reliable replacement. The Company's statement is disingenuous because it implies that an 18 inch pipe is not safe. If that were the case, then Xcel would have already replaced every 18 inch pipe on its system which is not the case. Further, Xcel has used 18 inch pipe in the past and 26 percent of the pipe replaced in this project was 18 inch pipe.

Xcel also claimed that utilizing a nonstandard pipe diameter can result in safety issues and operational constraints such as limited availability of pipe fittings, longer lead times for pipe and fittings, and less availability of tapping and stopple equipment. In the event of an emergency situation on the East Metro Pipeline, swift repairs to the condition of the pipeline are paramount, and making repairs on an industry standard pipeline will aid the promptness of those repairs.

In an emergency, the first issue is turning off the gas. It is the valves not the size of the pipe that allow this. Repairing the pipe and getting it back into service is not a safety issue, it is a service issue so the Company's argument is not germane to the issue at hand.

Xcel further claimed that constructing the pipeline with a consistent 20 inch diameter allows the Company to utilize state of the art In-Line Inspection (ILI) tools. However, that implies that the Company could not do that with an 18 inch pipe. That is not correct. The ILI tools can be used in an 18 inch pipe; however, the number of companies that have an 18 inch pipe tool might be smaller than those that have a 20 inch pipe tool.

The Commission's Order stated that "None of *Black's* definitions perfectly fits the context of utility infrastructure projects. However, the second definition comes the closest. It states that an improvement that goes "beyond repair or restoration" rises to the level of a betterment." The Commission concluded: "The East Metro project therefore does not go "beyond repair or restoration" and is not a betterment." The East Metro pipeline project is clearly not a repair because a repair does not involve replacing the entire pipeline. A restoration would leave the Company in essentially the same operational position as it was in before the pipeline project but with new pipe. According to the record, that condition would be met using new 18 inch pipe because that size pipe is the minimum size that would meet Xcel's current capacity needs. Staff notes that 59 percent of the old pipe was 18 inches in size or smaller. As a result of this project Xcel is in a better operational position than it was prior to the project.

The capacity of the pipeline increases with a 20 inch pipe. Therefore, the use of that size pipe goes beyond a restoration and results in a betterment. The 20 inch pipe may be the best engineering choice, but that choice is based on decisions that are not relevant to the issue of restoring the pipe to its <u>original</u>, safe condition. Using a 20 inch pipe may be the size that is best suited for Xcel's system. However, that decision was based on criteria that go beyond the basic criteria of the safety program. No party suggests that Xcel should have used the 18 inch pipe.

Staff continues to believe that based on the facts in the record of this docket, a 20 inch pipe results in a betterment to the East Metro pipeline. The Company stated that the cost difference between installing an 18 inch pipe and a 20 inch pipe is $246,522 which would change the revenue requirement by $23,800.

According to the capital cost table in Xcel's answer, the only difference in cost between using an 18 inch pipe and a 20 inch pipe is the cost of the pipe. That assumption is not realistic. The circumference of a 20 inch pipe is 11 percent greater than that of an 18 inch pipe. Therefore, it will take more time and materials to weld a 20 inch pipe resulting in higher installation costs. It also seems reasonable to believe other costs would be higher with a larger diameter pipe. Therefore, Staff believes Xcel's revenue requirement change is understated and should not be used to determine the incremental cost of the betterment if the Commission reconsiders its Order.

Staff also notes that the suggestion that a 20 inch pipe is the size Xcel routinely uses when replacing its transmission lines is not accurate. The size of the pipe that is used will vary depending on the load requirements in any given area and could be larger or smaller than 20 inches.

Decision Alternatives

A. Rehearing and Reconsideration of the January 27, 2015 Order

1. Grant the Office of Attorney General's (OAG) petition for reconsideration, <u>OR</u>

2. On its own motion, reconsider the January 27 Order, <u>OR</u>

3. Deny the OAG's request for reconsideration, <u>OR</u>

4. Take no action and allow the OAG's petition for reconsideration to be denied by operation of law.

B. If the Commission grants the OAG's petition or modifies the January 27, 2015 Order on its own motion

1. Modify the Commission's January 27, 2015 Order and determine that the East Metro pipeline project constitutes a betterment, and

   - Determine the amount of the betterment should be based on a comparison of the new and old pipeline capacities.

   - Determine that the cost recovery and allocation of the excess capacity within the East Metro Pipeline should be reconsidered and determined within a rate case.

- Clarify the Order to make clear that the decision is limited to the facts of this case. OR

2. Take additional time and/or request additional informational and consider the merits of the OAG's petition at a future meeting. OR

3. Re-affirm the decision on the January 27, 2015 Order.

Staff Recommendation

None