

The Commission met on **Thursday, August 24, 2017**, with Chair Lange and Commissioners Lipschutz, Schuerger, Sieben, and Tuma present.

The following matters came before the Commission:

ENERGY FACILITIES PERMITTING

E-002,ET-6675/CN-17-184

In the Matter of the Application of Xcel Energy and ITC Midwest, LLC for the Huntley-Wilmarth 345 KV Transmission Line Project

Commissioner Tuma moved to do the following:

1. Approve the Notice Plan petition modified as follows:
 - A. Add the *Maple River Messenger* and a statewide newspaper to the list of newspaper through which notification will be provided pursuant to Minnesota Rules part 7829.2550, subpart 3.
 - B. Grant a variance to Minnesota Rules, part 7829.2500, subpart 5, to remove the requirement to publish notice in a statewide newspaper at the time of the Certificate of Need application (and require statewide publication earlier in the process) and Minnesota Rules, part 7829.2550, subpart 6, allow for a revised notice plan implementation timeframe.
2. Approve the petition for exemptions from certain filing requirements for the Certificate of Need application.

The motion passed 5–0.

E-6928/GS-14-515

In the Matter of the Application of Aurora Distributed Solar, LLC for a Site Permit for an up to 100 MW Distributed Solar Energy Project at Multiple Facilities in Minnesota

Commissioner Lipschultz moved to do the following:

1. Amend the Site Permit to limit the permit to the sites constructed, as recommended by the Energy Environmental Review and Analysis unit (EERA) of the Minnesota Department of Commerce (Department).

2. Amend the Site Permit to add a permit condition relating to the use of a Commission Environmental Inspector (EI). Authority to terminate or modify this permit condition, including: reporting requirements, inspection requirements and the interval in which they are conducted, or other modification of this permit condition, will be delegated to the Executive Secretary. Modifications may be made upon request of the Commission staff, the Commission EI or upon petition by Aurora Distributed Solar, LLC (Aurora).

Suggested language is as follows:

Environmental Inspector: The Permittee shall retain an independent third-party inspector. The selection of the inspector and scope of the inspection effort shall be approved by the Department of Commerce and Commission's Executive Secretary.

Initially, the inspector shall file one report per site within 30 days of initiation of inspections that documents any current issues relating to compliance with the Site Permit, the AIMP [Agriculture Impact Mitigation Plan or VMP [Vegetation Management Plan], or any other applicable law and information on any potential violation of the permit to date. The inspector shall monitor on an on-going basis any construction, restoration, or other work and ensure that the project conforms to the site permit terms, conditions, and the specifications outlined in the record. Proposed corrective measures should be outlined for issues found and any timeframe in which they need to be completed by to ensure no further harm or issues arise. Any issues that are beyond the scope or ability of the inspector to provide corrective measures should be noted for further review by Commission staff. After the initial assessment of each site, the Commission EI should file with the Commission monthly reports at 30-day intervals (or as otherwise agreed upon by the Commission) to the Commission addressing compliance during construction and restoration, or any other issues deemed appropriate. The inspector should communicate as needed with Commission staff or other agencies.

Potential violations of the AIMP, VMP, Site Permit, or other law identified by the inspector should not necessarily be viewed by the Permittee as an exhaustive list of violations of the Site Permit. Compliance is sole responsibility of the company.

Inaction on the part of Aurora to meet intervals for corrective action as outlined by the Commission EI may be grounds for Site Permit suspension or termination, or other action, in accordance with statute and rule.

3. Require the following:
- A. Aurora shall work with Commission staff and EERA to retain a Commission EI to be onsite by September 5, 2017. Any delay to this schedule shall be requested for good cause shown from and approved by the Commission's Executive Secretary in a timely manner. Any unauthorized delay to this schedule may subject Aurora to enforcement action by the Commission and/or suspension or termination of the site permit as allowed for by law.
 - B. The Commission EI shall be retained by Aurora in consultation with Commission staff. The Commission EI will conduct its work under the terms and agreements approved by the Commission's Executive Secretary. Work will terminate when Aurora has been authorized to end inspection services by the Commission's Executive Secretary. The termination of work may be requested to be approved by the Commission's Executive Secretary by Commission staff, the Commission's EI, or upon petition by Aurora.
 - C. Require Aurora to consult with Commission and EERA staff to timely execute a Master Services Agreement with an inspection services company (as needed) and a Memorandum of Understanding between Aurora, EERA, and the Commission on the reporting requirements and communication protocols of the inspector and a scope of work. Any later scope of work approved by the Executive Secretary will supersede any conflicting permit provision. Any delay in executing these steps may subject Aurora to enforcement action by the Commission and/or suspension or termination of the site permit as allowed for by law.
 - D. Aurora shall file a revised draft AIMP (or VMP as needed) by September 29, 2017, incorporating the agreed upon modifications and any other necessary modifications:
 - o Inclusion and information regarding the use of Commission EI;
 - o The requirements for on-going monitoring for any work that may damage vegetation, soils, or other environmental issues pertaining to the AIMP, VMP or Site Permit; and,
 - o Training protocols for personnel working on on-going work throughout the life of the project.
 - E. Aurora shall file training protocols for future maintenance and restoration contractors by October 27, 2017.

- F. Aurora shall develop with the Minnesota Department of Natural Resources (MN DNR) and the EERA, and file by October 27, 2017, the following:
 - o A plan with the MN DNR regarding on-going monitoring protocols as requested by the MN DNR, and
 - o Site-specific maintenance plans.¹

The motion passed 5–0.

ENERGY AGENDA (PART 1)

E-111/M-16-1028

In the Matter of a Request by Dakota Electric Association to Update Lighting Rate Schedules

Commissioner Tuma moved to do the following:

1. Approve the petition of Dakota Electric Association (DEA), as modified to list the minimum lumen ratings of each lamp, and
2. Require that DEA implement the proposed rates as soon as practicable following the Commission’s order.

The motion passed 5–0.

G-011/AI-17-136

In the Matter of the Request of Minnesota Energy Resources Corporation for Modification of the WEC Energy Group Affiliated Interest Agreement

Chair Lange moved to do the following:

1. Approve the addition of Upper Michigan Energy Resources Corporation to Appendix A – “Regulated Parties” to the Agreement.
2. Approve the revision to Article VIII.1, to modify the effective date provision from “first day of the fiscal quarter” to “first day of the month” following approval of waivers of the Commissions.

¹ The ongoing monitoring protocols and site-specific maintenance plans will be reviewed, potentially modified, and approved by the Commission’s Executive Secretary.

3. Approve the proposed addendum to the WEC Energy Affiliated Interest Agreement (AIA) as proposed by Minnesota Energy Resources Corporation (MERC) and modified by the Department addressing the treatment of Bluewater Gas Storage, LLC, with respect to MERC.
4. Require MERC to file the final approved modified WEC Energy AIA and addendum as a compliance filing within 10 days of the Commission's order.

The motion passed 5–0.

G-001, G-011/PA-14-107

In the Matter of a Request for the Approval of the Asset Purchase and Sale Agreement Between Interstate Power and Light Company and Minnesota Energy Resources Corporation

G-011, G-001/M-06-1166

In the Matter of a Request for a Declaratory Ruling for Accounting Treatment of the Recovery of Former Manufactured Gas Plant Clean-Up Costs

Commissioner Lange moved to do the following:

1. Accept MERC's 2016 Former Manufactured Gas Plant (FMGP) Compliance Report, dated May 1, 2017, and
2. Require MERC to include the following information in all future annual Austin FMGP compliance reports:
 - An estimate of anticipated future cleanup costs; and
 - The anticipated completion date of all cleanup activities.

The motion passed 5–0.

G-011/M-16-650

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-Northern Natural Gas (NNG)) for Approval of Changes in Contract Demand Entitlements for the 2016-2017 Heating Season

G-011/M-16-651

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-Consolidated) for Approval of Changes in Contract Demand Entitlements for the 2016-2017 Heating Season

G-011/M-16-652

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-Albert Lea) for Approval of Changes in Contract Demand Entitlements for the 2016-2017 Heating Season

Commissioner Schuerger moved to do the following:

1. Accept MERC's design-day analysis, as modified in the November 1st Update and the November 7th Update.
2. Approve MERC's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2016, as modified in the November 1st Update and the November 7th Update.
3. Require MERC to submit an explanation regarding how MERC plans to mitigate the risk of being unable to secure incremental winter capacity on all pipelines through which MERC currently contracts for natural gas capacity, as a supplement to its change in demand entitlements filings for the 2017-2018 heating season, within 10 days of the date of the Order in the present dockets.
4. Request the Department to review and confirm how the other Minnesota natural gas utilities use metered daily interruptible data in the development of their Design Day requirements and provide a discussion explaining its conclusions.

The motion passed 5-0.

E-017/S-17-337

In the Matter of the Petition of Otter Tail Power Company for Approval of 2017 Capital Structure and Permission to Issue Securities

Commissioner Lipschultz moved to do the following:

1. Approve the capital structure requested by Otter Tail Power Company (Otter Tail); this approval to be in effect until the Commission issues its 2018 capital structure order.
2. Approve Otter Tail's proposed equity ratio of 52.7 percent and a contingency range of plus or minus 10 percent around the approved equity ratio (i.e., 47.4 percent to 58.0

percent). Otter Tail's equity ratio may not exceed this range for a period greater than 60 days without prior Commission approval.

3. Approve Otter Tail's proposed total capitalization of \$1,070,931,000 and a cap of 10 percent above that amount (i.e., a cap of \$1,178,024,000). Otter Tail's total capitalization may not exceed this cap for a period greater than 60 days without prior Commission approval.
4. Approve Otter Tail's request to issue short-term debt not to exceed 15 percent of its total capitalization (i.e., up to \$160.6 million). Otter Tail's short-term debt may not exceed this 15 percent of its total capitalization for a period greater than 60 days without prior Commission approval.
5. Approve any securities issuances during the period in which the Commission's Order in this Docket is effective that would not result in a capital structure that violates any of the approved contingencies for a period greater than 60 days. Otter Tail may not engage in securities issuances that result in a capital structure that violates any of the approved contingencies for a period greater than 60 days without prior Commission approval.
6. Require Otter Tail to provide, within 20 days after each non-recurring issuance of securities, the following information:
 - A. The specific purposes for the individual issuances;
 - B. The type of issuances;
 - C. The timing of issuances;
 - D. The amounts issuances;
 - E. Issuance costs; and
 - F. Interest rates.
7. Require Otter Tail 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.
8. Require Otter Tail 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 Otter Tail in its previous capital structure filing.
9. Require Otter Tail 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.

10. Approve Otter Tail'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;
 - C. rates and financing costs; and
 - D. the intended uses of the financing.

11. Require Otter Tail to file its 2018 capital structure filing by May 1, 2018.

The motion passed 5–0.

E-016/GR-17-506

In the Matter of Northwestern Wisconsin Electric Company's Application for Authority to Change Its Rates and Rules in Minnesota to Conform to Its Rates and Rules in Wisconsin

Commissioner Schuerger moved to take the following actions:

1. Approve the \$2,029, or 2.66%, per year increase in the rates of Northwestern Wisconsin Electric Company (Northwestern), effective August 25, 2017.

2. Vary Minn. R. 7820.5500, subp. 2, for as long as the rates established in this proceeding remain in effect.

3. Approve an extension of the variance to Minn. R. 7825.2400, subp. 13, for calculating monthly adjustments for the company's Power Cost Adjustment clause for as long as the rates established in this proceeding remain in effect.

4. Require Northwestern to file updated tariff sheets within ten days of the date of the Commission's order.

5. Require Northwestern to submit a compliance filing verifying that all of its customers have been notified of this change in rates using the Commission-approved customer notice.

The motion passed 5–0.

TELECOMMUNICATIONS AGENDA

P-405/AM-17-427

In the Matter of a Filing to Institute a Charge for Paper Bills for Customers

Commissioner Sieben moved that the Commission not approve the proposal of Frontier Communications of Minnesota, Inc. (Frontier), to institute a charge for subscribers for Frontier's Digital Phone Bronze Service to receive paper bills.

The motion passed 5–0.

ENERGY AGENDA (PART 2)

E-002/M-13-867

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy, for Request for Resolution of a Co-Location Dispute

Commissioner Tuma moved to do the following:

1. Require the Department to release all documents filed as trade secret in this matter to Northern States Power Company d/b/a Xcel Energy (Xcel) after Xcel provides an enforceable non-disclosure agreement to the Commission and the Department that it will protect this information under the rules of the Commission.
2. Require each of the parties in this matter to share all relevant information to the determination of co-location in a timely fashion with understanding that they may request a nondisclosure agreement with terms that mirror the nondisclosure agreement parties enter into for the review of non-public engineering information for matters relating to community solar gardens in this docket.
3. Schedule the matter for comment and hearing before the Commission after a determination by the Executive Secretary that the parties have engaged in an appropriate exchange of information, pursuant to the following timeframe:
 - A. Direct the parties to immediately exchange any trade secret information previously withheld pursuant to a nondisclosure agreement and provide to Xcel within 7 days of the Commission meeting.
 - B. Provide that Xcel will have a period of 7 days (or September 5, 2017) to serve any additional non-repetitive discovery (investigative requests) with respect to trade secret information on co-location received.
 - C. Provide the developers and the Department with an additional 7 days (September 12) to respond to Xcel's investigative requests.

- D. Provide Xcel with an additional 7 days (or September 19, 2017) to file comments with the Commission on co-location with arguments and analysis on how the information received will relate to this matter.
- E. Provide the developers and the Department 7 days (or September 26, 2017) to respond to Xcel's comments.
- F. Request the Executive Secretary to set a date for a Commission meeting on this matter as soon as possible thereafter.

The motion passed 5–0.

E-999/CI-15-115

In the Matter of a Commission Inquiry into Standby Service Tariffs

Otter Tail Power Standby Service Rider

Commissioner Schuerger moved to do the following:

1. Approve OTP's proposed Standby Service Tariff filed on May 12, 2017, including the Company's agreement (in June 9, 2017 comments) to recalculate the standby service reservation charge using OTP's generation fleet forced outage rate and to update the tariff rates based on the Commission's decision in OTP's current rate case (Docket No. E-017/GR-15-1033).
2. Require OTP, within 30 days of the issuance date of the Order in this matter, to file compliance tariffs reflecting the decisions made by the Commission.
3. Find that OTP's tariff will be effective within 30 days following completion of the Department's compliance review.
4. Require OTP to evaluate the revisions and updates made to its Standby Service Tariff and to report back to the Commission on its evaluation within three years of the effective date of the approved Tariff. The evaluation report should be filed in Docket No. E-999/CI-15-115, unless the Commission requires changes to OTP's proposed Tariff and opens a new OTP-specific docket.

The motion passed 5–0.

Dakota Electric Association Standby Service Rider

Commissioner Lipschultz moved to do the following:

5. Approve DEA's Standby Service Rider filed on May 19, 2016.
6. Require DEA to file a new rate schedule, if it has not already done so, for consumers with on-site generation that is designed to meet member-customer electrical requirements all the time, such as for combined heat and power facilities. As part of the new rate schedule filing, require DEA to include the necessary cost support for the rate and an explanation of how DEA incorporated fixed outage rates in its proposal for the new rate. Require DEA to file this new rate schedule within 30 days of the issuance date of the Order in this matter.
7. Require DEA, within 30 days of the issuance date of the Order in this matter, to file compliance tariffs reflecting the decisions made by the Commission.
8. Require DEA to evaluate the structural changes to its Standby Service Rider and its new CHP rate schedule and to report on the evaluation within three years of the effective date of the Rider. The evaluation report should be filed in Docket No. E-999/CI-15-115, unless the Commission opens a new docket for the review of DEA's new rate schedule.

The motion passed 5–0.

Minnesota Power's Standby Service Rider

Commissioner Lange moved to do the following:

9. Approve MP's proposed Standby Service Rider, including the revisions to the Company's Electric Service Agreement for Distributed Generation/Standby Service and Standby Service Agreement, as filed by the Company on May 19, 2016, including MP's proposal to update the standby reservation and demand rates in the Rider based on the Commission's decisions regarding revenue requirements and billing units in the Company's 2016 rate case (Docket No. E-015/GR-16-664).
10. Require MP to revise its proposed Rider so that scheduled outages are not limited to shoulder months and also include off-peak periods as set forth in the MISO tariff.
11. Accept MP's proposal to add language to its Standby Service Rider limiting the application of the Rider to customers with on-site generation of 10 MW or less, and to file the revised tariff language as part of a compliance filing for DOC review, within 10 days of the issuance date of the Order in this matter.
12. Require MP, within 30 days of the issuance date of the Order in this matter, to file compliance tariffs reflecting the decisions made by the Commission.

13. Find that MP's Standby Service Rider, Electric Service Agreement for Distributed Generation/Standby Service and Standby Service Agreement, as approved by the Commission, will be effective on the first day of the month following compliance filing review by the DOC.
14. Require MP to evaluate the revisions to its Standby Service Rider and to report to the Commission on its evaluation within three year of the effective date of the approved Rider. The evaluation report should be filed in Docket No. E-999/CI-15-115.

The motion passed 5–0.

All Rate-Regulated Utilities

Commissioner Schuerger moved to do the following:

15. The rate-regulated utilities participating in the current docket shall provide a 1-2 page summary table of standby service charges and provisios, substantially similar to the table included in the proposed Otter Tail Standby tariff, for distribution to standby service customers. The utilities shall file the summary of charges table for compliance review by the Department, within 30 days of the issuance of the order in this matter.

The motion passed 5–0.

Flint Hills Resources

Commissioner Lipshultz moved as follows:

16. Xcel shall work with Flint Hill Resources and other interested parties to address the issues raised by Flint Hills and Xcel in this docket surrounding the need for a separate rider for customer-sited combined heat and power projects larger than 10 MW, and if the parties come to agreement, to file a proposal for a separate rider.
17. Xcel shall file the above-referenced proposal, or an explanation of why the parties could not reach agreement, within 60 days of the order in this matter. The filing should be submitted under a new docket number.

The motion passed 4–1; Commissioner Sieben voted no.

Xcel Standby Service Rider and Solar PV Capacity Credit Rider

Commissioner Lipshultz moved to do the following:

18. Table a decision on the Xcel Standby Service Rider and the Xcel's proposed Solar PV Capacity Credit Rider until a future date to be set by the Executive Secretary.

19. Direct Xcel to work with other interested stakeholders and parties in this docket on development of a Solar PV Capacity Credit Rider and, in so doing, seek to reach an agreement on what the value of the Solar PV Capacity Rider will be in the interim, prior to establishment of a methodology and a time frame within which it will be in effect.
20. Require Xcel to work with the parties to reach agreement on a proposed process and timeframe for establishing a methodology to be used in developing the Solar PV Capacity Rider.
21. Within 30 days of the date of the Order in this docket, require Xcel to file a report with the Commission with any agreements or partial agreements reached by the parties on the PV Solar Capacity Credit, and explain or identify any areas of disagreement or impasse remaining, and basis therefore.
22. Delegate to the Executive Secretary the authority to set a time frame for comments on whatever Xcel files within the 30 day period on the Solar PV Capacity Rider.

The motion passed 5–0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 10, 2018

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive, flowing style.

Daniel P. Wolf, Executive Secretary