

The Commission met on **Tuesday, December 21, 2017**, with Chair Lange and Commissioners Lipschultz, Schuenger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

IP-6984/CN-17-676

In the Matter of the Application of Flying Cow Wind, LLC for a Certificate of Need for the 150 MW Large Wind Energy Conversion System in Yellow Medicine County, Minnesota

Commissioner Lipschultz moved that the Commission:

1. Accept the certificate of need application as substantially complete.
2. Direct that the certificate of need application be reviewed using the informal review process.
3. Delegate administrative authority, including timing issues, to the Commission's Executive Secretary.
4. Provide the name, telephone number, and email address of the Commission staff person designated as public advisor to facilitate citizen participation in the process (Bret Eknes).
5. Request that the Minnesota Department of Commerce (Department) continue to study the issues and indicate during the hearing process through testimony or comment its position on the reasonableness of granting a certificate of need.
6. Require the applicant to facilitate in every reasonable way the continued examination of related issues by Department and Commission staff.
7. Require the applicant to place a print or electronic copy of the application in the government center or public library located closest to the proposed project site.
8. Direct the applicant to work with Commission staff to arrange for publication of the notice of hearings in newspapers of general circulation at least ten days prior to the hearings, that such notice be in the form of visible display ads, and that proof of publication be obtained from the newspapers selected.
9. Vary Minn. R. 7849.0200, subp. 5, and extend the 30-day time frame for the Commission's decision on the application's completeness.

10. Vary Minn. R. 7849.1400, subp. 3, and extend the 40-day time frame for the Commission staff and the Department to hold a public information/environmental review scoping meeting.

The motion passed 5–0.

E-015/PA-17-457

In the Matter of the Petition of Minnesota Power for Approval of a Purchase Agreement for the Sale of the Aurora Service Center to Lakehead Constructors, Inc.

E-015/PA-17-459

In the Matter of the Petition of Minnesota Power for Approval of a Purchase Agreement for the Sale of the Chisolm Service Center to United Way of Northeastern Minnesota, Inc.

E-015/PA-17-460

In the Matter of the Petition of Minnesota Power for Approval of a Purchase Agreement for the Sale of Land and Buildings near the Boswell Energy Center to Airmark, Inc. d/b/a Nelson Wood Shims

E-015/PA-17-461

In the Matter of the Petition of Minnesota Power for Approval of a Purchase Agreement for the Purchase of the Long Prairie Service Center from the State of Minnesota-Department of Military Affairs

Commissioner Sieben moved that the Commission:

1. Approve the following transactions with the modifications proposed by the Department of Commerce to require Minnesota Power to use deferred accounting to create regulatory liabilities for these transactions:
 - A. Sale of the Aurora Service Center to Lakehead Constructors, Inc.
 - B. Sale of the Chisolm Service Center to the United Way of Northeastern Minnesota, Inc.
 - C. Sale of land, including cold storage buildings, located near Boswell Energy Center to Airmark Inc. dba Nelson Wood Shims
 - D. Purchase of the Long Prairie Service Center from the State of Minnesota – Department of Military Affairs
 - E. Require Minnesota Power to submit a compliance filing within 60 days of closing that provides a detailed explanation and schedules for the regulatory liabilities established in connection to these four transactions.

2. Approve Minnesota Power's request for a variance from the filing requirements established by Minn. R. 7825.1400, as it pertains to capital structure and the issuance of securities.
3. Require Minnesota Power to file appropriate journal entries for the four transactions in a compliance filing within 60 days of closing.

The motion passed 5–0.

E-015/PA-17-400

In the Matter of the Petition of Minnesota Power for Approval of the Purchase of Transmission Assets and Approval of a Substation Access Easement Agreement with United Taconite, LLC

Commissioner Schuerger moved to do the following:

1. Approve the proposed Transmission Asset and Substation Access Agreement between United Taconite, LLC, and Minnesota Power.
2. Approve Minnesota Power's rate case accounting treatment of the purchase of the United Taconite Transmission Assets, accepting Minnesota Power's explanation of the actual revenue requirement impact and explanation of why this is reasonable.
3. Approved Minnesota Power's request for variance of the filing requirements established by Minn R. 7825.1400 as it pertains to capital structure and the issuance of securities.
4. Required Minnesota Power to file appropriate journal entries in a compliance filing within 60 days of closing.

The motion passed 5–0.

E-002/M-17-528

In the Matter of the Petition of Northern States Power Company for Approval to Sell 365 Acres of Sherco Land

Commissioner Lipschultz moved to do the following:

1. Approve the sale of 50 acres of land associated with the Sherburne County Generating Station (Sherco) to Northern Metals and allowed Northern States Power Company d/b/a Xcel Energy (Xcel) to refund the transaction's net gains through Xcel's fuel clause adjustment (FCA).

2. Approve the sale of 315.2 acres of Sherco land to Jet Stream and allowed Xcel to refund the transaction's net gains through the FCA.
3. Grant a variance to Minn. R. 7825.1800, subpart B, and 7825.1400, items F-J.
4. Grant a variance to Minn. R. 7825.2500 and 7825.2600, subpart 2, to allow Xcel to return the net gain on these two transactions to rate payers through Xcel's FCA mechanism.
5. Approve Xcel's request to record net proceeds on Account 254 of the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.
6. If Northern Metals and/or Jet Stream exercise their options and the sales close, require Xcel to file final journal entries for these transactions within 60 days.
7. If Northern Metals and/or Jet Stream exercise their options and the sales close then, within 60 days of the net gains being refunded, require Xcel to make a compliance filing detailing how and when the refund(s) was effected.
8. Require Xcel to make a compliance filing detailing its plans for further property transactions related to Sherco in this area.

The motion passed 5–0.

E-002/PA-17-529

In the Matter of the Petition of Northern States Power Company for Approval to Sell Land and Tanks to Flint Hills Resources Pine Bend, LLC

Commissioner Schuerger moved to do the following:

1. Determine that the Xcel/Flint Hills sales transaction (the Agreement) must be approved by the Commission under Minn. Stat. § 216B.50.
2. Grant Xcel's request for a variance from Minn. R. 7825.1400, Items F–J.
3. Approve the sale of assets to Flint Hills as being consistent with the public interest when subject to the conditions below.
4. Determine that Xcel's fair market valuation of the assets involved in the transaction is reasonable.
5. Determine that Xcel's allocation of dollar amounts to the Minnesota jurisdiction is reasonable.

6. Approve use of a gain-sharing concept in this docket as set forth in Attachment 1 to the Department's September 1, 2017 comments, and with a placeholder return on equity, subject to update to the return on equity established in Xcel's Transmission Cost Recovery Rider docket.
7. Require Xcel, in a compliance filing due by January 1, 2018, to adjust its calculations in Attachment D of net present value for the 2018 through 2026 time period.
8. Require Xcel to return the transaction's gain to customers using a one-time credit through its fuel clause adjustment mechanism.
9. Grant Xcel's request for the necessary variances to Minn. R. 7825.2500, 2525.2600, subp. 2, and 7829.3200.
10. Require Xcel to update its plant balances affected by the Xcel/Flint Hills Agreement in its next annual capital projects revenue requirement true-up report (Capital Project True-Up Report) as a negative capital project.
11. Require Xcel to identify this transaction as a separate line item in its next Capital Project True-Up Report.
12. Require Xcel to update its fuel oil loss calculation for fuel prices at the closing of this transaction and incorporate the information into the final calculation of the transaction's gain. Xcel shall file a letter within 10 days of closing on this transaction illustrating Xcel's final calculations that reflect the Commission's decisions in this docket.
13. Require Xcel to file final journal entries for this transaction within 10 days of closing.

The motion passed 5-0.

G-002/M-16-891

In the Matter of Xcel Energy's Petition for Approval of a Gas Utility Infrastructure Cost (GUIC) Rider True-up Report for 2016, Forecasted 2017 Revenue Requirements, and Revised Adjustment Factors

Commissioner Lipschultz moved to do the following:

1. Approve a revised capital structure with a return on equity (ROE) of 9.04 percent and a rate of return of 7.02 percent:

**Department - Proposed Rate of Return, this docket
(Based on 15-808 Decision Updated with New ROE)**

	Capital Structure	Cost	Weighted Cost
<i>Long-term Debt</i>	45.61%	4.94%	2.25%
<i>Short-term Debt</i>	1.89%	1.12%	0.02%
<i>Common Equity</i>	52.50%	9.04%	4.75%
<i>Rate of Return</i>	100.00%		7.02%

2. Approve \$444,543 in Distribution Integrity Management Program software costs for recovery in the Gas Utility Infrastructure Cost (GUIC) Rider and disallow all costs related to quality-assurance/quality-controls duplicative services.
3. Deny proration of the accumulated deferred income tax for the forecasted year as proposed by Xcel, and instead determine that Xcel's 2017 GUIC rider must not be effective prior to January 1, 2018.
4. Approve a revised sales forecast based on Xcel's regression model results before monthly sales and demand-side management adjustments as set forth by Xcel in Attachment F of Xcel's Reply Comments for the 2017 GUIC Rider.
5. Approve recovery of Sewer Conflict Inspection program costs in the 2017 GUIC Rider.
6. Require Xcel to provide a cost/benefit analysis in its initial Petition in future GUIC Rider filings if Xcel wishes to receive accelerated recovery of Sewer Lines costs on a going forward basis.
7. Authorize Xcel to recover the 2017 revenue requirements over the 12 months following the effective date of this order.
8. Approve Xcel's proposed tariff sheets, modified to reflect any and all of the Commission's modifications in this docket.
9. Require Xcel to make a compliance filing showing the final rate adjustment factors, effective dates, and all related tariff changes, within ten days of the effective date of this order.
10. Decline to approve the proposed performance metrics and direct Xcel to continue discussion with other parties, including the Department and Minnesota's Office of the Attorney General, with respect to proposed performance metrics and on-going evaluation of reporting requirements in future GIUC proceedings.

11. Accept the filed cost/revenue study as complying with ordering paragraph 11 of the Commission's Order Requiring Updated Report, Approving Rider Recovery, and Requiring Metrics to Evaluate GUIC Expenditures (August 18, 2016) in Docket No. G-002/M-15-808, *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of a Gas Utility Infrastructure Cost Rider (GUIC) True-up Report for 2015, Forecasted 2016 GUIC Revenue Requirement, and Revised GUIC Adjustment Factors.*
12. Approve the \$2,249,926 in Distribution Valve Replacement Project costs for recovery in the 2017 GUIC Rider.
13. Continue to direct Xcel to provide in future GUIC filings, specific information about each individual project in the GUIC Rider that sufficiently (1) describes what the project is, (2) explains why the project is necessary, (3) discusses what benefits ratepayers will receive from the project, and (4) identifies the agency, regulation, or order that requires the project.

The motion passed 5–0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: May 9, 2018



Daniel P. Wolf, Executive Secretary