

The Commission met on **Thursday, August 16, 2018** with Chair Lange and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

E,G-002/D-18-162

In the Matter of Northern States Power Company's 2018 Annual Review of Remaining Lives

Commissioner Sieben moved that the Commission:

1. Approve Xcel's depreciation lives and salvage rates for its electric production, gas production, and gas storage facilities.
2. Require Xcel to file its next remaining life depreciation petition by February 18, 2019.
3. Require Xcel to continue to provide in future depreciation filings a comparison of depreciation remaining lives and resource planning lives for electric production with an explanation of any differences.
4. Require Xcel to continue to provide in future depreciation filings a historical comparison of changes in remaining lives and net salvage rates.
5. Require Xcel to continue to provide in future depreciation filings updates on removal costs for the Minnesota Valley Plant, Key City Plant and Black Dog Units 3 and 4, including the impact on depreciation reserves, and a final true-up when the retirement/removal is completed.

The motion passed 5-0.

E-015/D-18-226

In the Matter of Minnesota Power's 2018 Five-Year Transmission and Distribution Plant Depreciation Petition

Commissioner Tuma moved that the Commission:

1. Approve the Company's proposed average service lives, salvage rates, and depreciation rates, except for its proposed salvage rates for plant accounts 3549 and 3722.
2. Approve a salvage rate of negative 30 percent for account 3540 Towers and Fixtures.
3. Approve a salvage rate of negative 50 percent for account 3722 Leased Property on Customer Premises- Lighting.

4. Require Minnesota Power to continue to conduct depreciation studies at least once every five years for its transmission and distribution plant accounts, and begin filing annual updates to its depreciation rates for these accounts to reflect changes that occur between studies.
5. Require Minnesota Power to file an annual update to its transmission and distribution plant account depreciation rates by April 1, 2019.
6. Require Minnesota Power to file its next five-year depreciation study for its transmission and distribution plant accounts by April 1, 2023 and require the Company to include an update on its accounting and reporting for ASC-410-20 in its next transmission and distribution plant five-year depreciation study filing.

The motion passed 5-0.

E-015/S-18-155

In the Matter of a Petition by Minnesota Power for Approval of its 2018 Capital Structure and Authorization to Issue Securities

Commissioner Lange moved that the Commission:

1. Approve ALLETE's 2018 proposed capital structure. This approval will remain effective until the latter of May 1, 2019 or the date on which the Commission issues a new capital structure order.
2. Approve ALLETE's equity ratio contingency of plus/minus 10 percent around its 2018 proposed equity ratio. Equity ratios outside this range may not exceed a period of 60 days without Commission approval.
3. Approve ALLETE's total capitalization contingency of \$438 million above its 2018 total capitalization. ALLETE may not exceed its total capitalization including the requested contingency of \$438 million for a period longer than 60 days without prior Commission approval.
4. Allow MP to issue any securities in 2018 that would not result in an equity ratio outside the proposed range or a total capitalization exceeding its proposed cap for more than 60 days.
5. Require MP to obtain prior approval for the issuance of any securities in 2018 that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.

6. Require MP 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 of issuances;
 - e. Issuance costs (for common equity issuances, include price per share); and
 - f. Interest rates.
7. Require MP 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 on the uses identified in the exhibit or to limit the issuances to project-specific financing. The exhibit need not list short-term security issuances.
8. Require MP to provide, in its next capital structure filing, a report of actual issuances and uses of the funds from the prior year. The report will be for informational purposes only and need not cover short-term security issuances.
9. Require MP to provide, in its next capital structure filing, a schedule comparing its actual capital investments in the past year with the capital investments projected by MP in its previous capital structure filing.
10. Require MP to provide, in its next capital structure filing, the Company's investment plan not only for the next year but for at least the next five years.
11. Approve MP'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 MP 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.
12. Require MP to file its request for approval of its 2019 securities issuance no later than March 1, 2019.
13. Clarify that approval of securities issuance and the resulting capital structure within this proceeding is not a determination of the appropriate capital structure for ratemaking purposes.

14. Require MP to keep the Commission informed in a timely manner of any corporate restructuring.
15. Require MP to keep the Commission informed in a timely manner of any rating agency action.

The motion passed 5-0.

G-008/M-16-486

In the Matter of CenterPoint Energy's Evaluation of its 2016 Gas Affordability Program

G-002/M-16-493

In the Matter of Xcel Energy's Evaluation of its 2016 Gas Affordability Program

G-004/M-16-495

In the Matter of Great Plains Natural Gas Co.'s Evaluation of its 2016 Gas Affordability Program

Commissioner Lipschultz moved that the Commission accept the Utility Stakeholder Report as filed and adopt the streamlined reporting format as presented in Attachment A to the Utility Stakeholder Report.

The motion passed 5-0.

E-148,221/SA-18-415

In the Matter of the Joint Request of the City of Buffalo and Wright-Hennepin Cooperative Electric Association to Update Electric Service Territory Records

Commissioner Tuma moved that the Commission approve the permanent service territory transfer from Wright-Hennepin Cooperative Electric Association to the City of Buffalo and request MnGEO to update the Commission's maps to reflect the service area designation as shown on the map in the petition.

The motion passed 5-0.

E-002,325/SA-18-389

In the Matter of the Joint Request of Xcel Energy and the City of Waseca for Approval of a Service Territory Agreement between the Two Utilities

Commissioner Tuma moved that the Commission approve both the service-by-exception agreements and the permanent service territory transfer from Xcel Energy to the City of

Waseca and request MnGEO to update the Commission's maps to reflect the service area designation as shown on the map in the petition.

The motion passed 5-0.

E-002/RP-15-21

In the Matter of Xcel Energy's 2016-2030 Integrated Resource Plan

E-015/RP-15-690

In the Matter of Minnesota Power's 2016-2030 Integrated Resource Plan

E-017/RP-16-386

In the Matter of Otter Tail Power Company's 2017-2031 Integrated Resource Plan

Commissioner Schuerger moved that the Commission approve the Department's request for authority to seek specialized services. Specifically, the Department would both obtain the capacity expansion model selected by the utilities and the necessary training in preparation for integrated resource plans to be filed in 2019, along with continuing to use Strategist for the utilities that use that capacity expansion model.

The motion passed 5-0.

E-002/M-18-240

In the Matter of Northern States Power Company d/b/a Xcel Energy's Electric CIP Cost Recovery

E-015/M-18-116

In the Matter of Minnesota Power's CIP Cost Recovery

Chair Lange moved that the Commission:

1. Approve the 2017 Xcel Electric CIP Tracker Account activity shown in Table 1 in the Department's May 11, 2018 comments.
2. Approve Xcel's proposed bill message effective the first month the 2018/2019 CIP Adjustment Factor takes effect, revised to incorporate the approved CAF.
3. Approve a DSM financial incentive of \$30,241,197 for Xcel's 2017 electric CIP achievements, and allow Xcel to include the incentive in the Company's electric CIP tracker account no sooner than the date of the order in this docket.
4. Approve a CIP Adjustment Factor for 2018/2019 of \$0.001730/kWh beginning with the first billing cycle of October 2018, conditioned on Xcel's filing, within 10 days of the date of the order in this docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

5. Approve Minnesota Power's 2017 CIP tracker account, as summarized in Table 1 of the Department's May 11, 2018 comments, with a December 31, 2017 tracker balance of \$3,315,558.
6. Approve Minnesota Power's new monthly carrying charge rate of 0.4063 percent.
7. Approve a 2018/2019 CPA of \$0.002741 per kWh.
8. Approve an incentive of \$2,994,840 for Minnesota Power's 2017 CIP achievements.
9. Grant Minnesota Power a variance to Minn. R. 7820.3500 (K) and a variance to Minn. R. 7825.2600 for one year after the date of the order in this docket.
10. Require Minnesota Power to file, within 10 days of the date of this order, a compliance filing with revised tariff sheets reflecting the Commission's determination in this matter.

The motion passed 5-0.

G-002/M-18-246

In the Matter of Northern States Power Company d/b/a Xcel Energy's Gas CIP Cost Recovery

G-011/M-18-117

In the Matter of Minnesota Energy Resources Corporation's CIP Cost Recovery

G-008/M-18-120

In the Matter of CenterPoint Energy's CIP Cost Recovery

G-004/M-18-118

In the Matter of Great Plains Natural Gas Company's CIP Cost Recovery

Commissioner Tuma moved that the Commission:

1. Approve Xcel's proposed 2017 gas DSM financial incentive of \$3,753,592 and allow Xcel to include the incentive in the Company's gas CIP tracker account no sooner than the date of the order in this docket.
2. Approve Xcel's 2017 gas CIP tracker account activity, as provided in the Company's Petition and summarized in Table 1 of the Department's initial comments, resulting in a December 31, 2017 tracker balance of (\$920,899).
3. Approve Xcel's proposed bill message language.
4. Allow Xcel to implement its proposed gas CIP Adjustment Factor of \$0.014845 per therm beginning October 1, 2018, conditioned on the Company filing, within 10 days of the date of the order in this docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determination in this matter.

5. Approve MERC's 2017 DSM financial incentive of \$1,694,489 to be included in the Company's CIP tracker account no sooner than the date of the order in this docket.
6. Approve MERC's 2017 CIP tracker account activities as summarized in Table 1 in the Department's May 31, 2018 comments.
7. Approve the revised gas CCRA of 0.00000 per therm for all of MERC's Minnesota customer classes, to be effective August 1, 2018, or on the first billing cycle in the next full month after Commission approval, whichever is later. The approval is conditioned on the Company's filing, within 10 days of the date of the order in this docket, a compliance filing with the relevant tariff sheets and necessary calculations that comply with the Commission's determinations.
8. Require MERC to include the following bill message (with the appropriate date) following the date of the order in this docket, or August 1, 2018, whichever is later:

Effective [insert date], the CCRA (conservation cost recovery adjustment) has been reduced to \$0.00000 per therm. The CCRA is an annual adjustment to true-up under-recover or over-recovery of CIP (conservation improvements program) expenses.
9. Approve CenterPoint's proposed 2017 DSM financial incentive of \$12,456,038 to be included in the Company's CIP tracker account no sooner than the date of the order in this docket.
10. Approve CenterPoint's 2017 CIP tracker account, as summarized in Table 1 of the Department's May 31, 2018 comments, resulting in a December 31, 2017 tracker balance of \$3,899,087.
11. Approve a 2018/2019 CCRA of \$0.00441 per therm, effective September 1, 2018 or \$0.0134 per therm if effective January 1, 2019.
12. Approve CenterPoint's proposed bill message concerning its CCRA.
13. Approve Great Plains Natural Gas Company's 2017 CIP tracker account, as summarized in Table 1 of the Department's May 25, 2018 comments, resulting in a 2017 tracker balance of \$224, 198.
14. Approve a 2018/2019 CCRA of \$0.0130 per Dth, to be effective September 1, 2018, or the first day of the month following the Commission's order in this docket.
15. Require Great Plains Natural Gas to include the following bill message (with the appropriate rate) in the billing month immediately following the date of the order in this docket:

Great Plains recovers the cost changes in its energy conservation programs from the base established in 2007 through a Conservation Cost Recovery Adjustment (CCRA) subject to MN Public Utilities Commission approval. A CCRA of [insert rate] per dk as shown in the Resource Adjustment above is effective [insert date]. Learn more about reducing your energy use by visiting our website at www.gpng.com or calling us at 1-877-267-4764.

16. Require Great Plains Natural Gas to file a compliance filing, within 10 days of the date of the order in this docket, with revised tariff sheets reflecting the Commission's determinations in this matter.

The motion passed 5-0.

E-002/M-17-712

In the Matter of the Petition of Northern States Power Company for Approval of the 2017 Renewable Development Fund Annual Report, Tracker Account True-Up, and 2018 Rate Rider Factor

Commissioner Lipschultz moved that the Commission direct Xcel to exercise its termination rights under the Grant Contract (Contract) based on impossibility of performance or nonperformance under Article 16, including but not limited to Crown Hydro's failure to acquire a project site by 10/31/2007 or provide a detailed report regarding Crown Hydro's site acquisition plans and efforts as required by the Third Amendment to the Contract.

The motion passed 4-0, with Commissioner Sieben recusing herself from the vote.

Commissioner Lipschultz moved that the Commission:

1. Approve Option 2 in the chart on p. 11 of staff briefing papers, including the assumptions in this option regarding the correct RDA transfer payment and treatment of the December 31, 2017 unencumbered cumulative balance, 2017 tracker account activity, and 2018 RDF rate rider factor of \$0.001318 per kWh.
2. Require Xcel to separately itemize RDF and RDA expenses in its report.
3. Require Xcel to remove the \$28,009 in administrative costs from the tracker balance.

4. Require Xcel to file, within 30 days of the date of the order in this docket, a compliance filing reflecting the Commission's decisions and find that the 2018 RDF rate rider factor approved by the Commission will be effective for bills beginning October 1, 2018.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: November 8, 2018

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive style with a large, stylized 'D' and 'W'.

Daniel P. Wolf, Executive Secretary