

The Commission met on **Thursday, June 12, 2014**, with Chair Heydinger and Commissioners Lipschultz and Wergin present.

The following matters came before the Commission:

TELECOMMUNICATIONS AGENDA

P-999/M-13-138

In the Matter of the Department of Commerce/TAM's FY 2014 Proposed Budget and Surcharge Recommendation

P-999/M-14-5

In the Matter of TAM's 2013 Annual Report

P-999/M-14-151

In the Matter of TAM's FY 2015 Proposed Budget and Surcharge Recommendation

Chair Heydinger deferred consideration of this matter until 1:00 p.m.

ENERGY AGENDA

G-011/M-14-361

In the Matter of a Request for Approval of Proposed Winter Construction Charges

Commissioner Wergin moved to do the following:

1. Approve the winter construction charges of Minnesota Energy Resources Corporation (MERC) in the 5th Revised Sheet No. 9.06 as follows:
 - Winter Construction Charge: \$5.50 (7 County Metro), \$4.96 (out-state) per lineal foot;
 - Frost Charge: \$6.05 (7 Country Metro), \$5.77 (out-state) per lineal foot; and
 - Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a per burner charge of \$279.90.
2. Approve an effective date of June 30, 2014.
3. Require MERC to file, as a compliance filing within 10 days of the order issue date in the present docket, the relevant tariff sheets that comply with the Commission's determinations in this proceeding.

The motion passed 3 – 0.

E,G-002/D-12-858

In the Matter of the Five-Year Transmission, Distribution, and General Depreciation Study

Commissioner Lipschultz moved to do the following:

1. Approve, effective January 1, 2013, the service lives and salvage rates of Northern States Power Company d/b/a Xcel Energy (Xcel).
2. Approve Xcel's request to retain its current whole life method of depreciation.
3. Approve Xcel's request to amortize the theoretical reserve surpluses of its electric and common transmission, distribution, and general (TD&G) plant accounts as detailed in Attachment A to its Supplemental Reply Comments.
4. Approve Xcel's request to redistribute its depreciation reserves.
5. Require Xcel to file a comprehensive five-year depreciation study for its TD&G accounts by July 31, 2017.

The motion passed 3 – 0.

E,G-002/D-14-181

In the Matter of the 2014 Review of Remaining Lives

Commissioner Wergin moved to do the following:

1. Approve Xcel's proposed depreciation lives and salvage rates.
2. Approve the Option A accounting treatment for the deferred 2013 depreciation expense of Sherburn County Generating Station (Sherco) Unit 3, creating a regulatory asset in 2014 and amortizing it over 21 years.
3. Require Xcel to file its next remaining life depreciation filing by February 17, 2015.
4. Require Xcel to continue to provide in future depreciation filings a comparison of depreciation remaining lives and resource planning lives with an explanation of any differences.
5. Require Xcel to continue to provide in future depreciation filings a historical comparison of changes in remaining lives and net salvage rates.

6. Require Xcel to continue to provide in future depreciation filings updates on removal costs for the Minnesota Valley Plant and the impact on depreciation reserves, including a final true-up when the retirement/removal is completed.

The motion passed 3 – 0.

E-999/CI-13-720

In the Matter of a Commission Inquiry into Ownership of Renewable Energy Credits used to Meet Minnesota Requirements

Chair Heydinger moved to make the following findings:

1. The Commission has jurisdiction to decide renewable energy credit (REC) ownership, and to apply the finding in (2), below, to utilities subject to Minn. Stat. § 216B.164.
2. Generators own all RECs unless: (1) other ownership is expressly provided for by a contract between the generator and a utility; (2) state law specifies a different outcome; or (3) specific Commission orders or rules specify a different outcome.
3. Corresponding tariffs and the uniform statewide contract should be interpreted in a manner consistent with this order.

Commissioner Lipschultz moved to amend the motion to further find as follows:

4. Generators own RECs corresponding to all net energy generation.
5. Generators own RECs for energy consumed on-site.
6. Generators own RECs for non-net metered PURPA transactions under the standard offer.

The motion to amend did not pass 1 – 2; Commissioners Heydinger and Wergin voted no.

The unamended motion passed 2 – 1; Commissioner Wergin voted no.

E,G-999/CI-14-423

In the Matter of a Commission Investigation Regarding the Appropriate Regulatory Response to Propane-Storage Projects

Chair Heydinger moved to do the following:

1. Authorize a process to request a variance to Minn. R. 7853.0010, subp. 23, on a limited basis for a period of one year, subject to the process outlined below and for the following reasons:

- a. Through this record and generally, the Commission finds that urgent action is appropriate and additional propane storage is needed in Minnesota (see Staff Supplemental Briefing Paper – Attachment A).
 - b. As noted by Governor Dayton in his Emergency Executive Orders regarding the recent propane shortage, several factors have contributed to the need for immediate action, including but not limited to the historic propane demand, the extreme arctic cold during the winter of 2013/2014, and the reversal of the Cochin Propane Pipeline.
 - c. The Commission has reviewed other options available to it, including but not limited to those below, and determined that they are not expeditious enough to rectify the propane supply shortage or allow for propane distributors to have increased storage capacity available for distribution when it is needed:
 - i. Minn. Stat. 14.388 Good Cause Exemption (rulemaking exemption);
 - ii. Minn. Stat. 14.389 Expedited Process (expedited rulemaking);
 - iii. Rulemaking generally; and
 - iv. Minn. R. 7829.1200 Informal or Expedited Proceedings.
 - d. Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule in that adequate propane storage may not be in place by the 2014 harvest season or the 2014/2015 heating season.
 - e. Granting a variance would not adversely affect the public interest as it aids in ensuring that adequate propane supplies will be available when needed in the short term.
 - f. Granting the variance would not conflict with standards imposed by law.
2. Approve Variance Request Process
- a. Propane storage facilities that are subject to Commission jurisdiction under Minn. Stat. ch. 216B and Minn. R. ch. 7853 may make a filing with the Commission requesting a variance to Minn. R. 7853.0010, subp. 23, to read,

“Synthetic gas” means flammable gas created from gaseous liquid, or solid hydrocarbons, or other organic or inorganic matter. Synthetic gas shall include ethane, ~~propane~~, butane, or their mixtures, whether extracted from gas streams lifted from oil and gas wells or produced at refineries or fuel conversion plants, but shall not include consumer-grade propane (i.e., HD-5), including any mixture of propane, ethane, butane, or methane sold as consumer-grade propane. It shall also include hydrogen or methane produced at conversion plants.

- b. A request for variance must include the following information:
- i. the applicant's complete name, address, telephone number, and standard industrial classification codes;
 - ii. the complete name, title, address, and telephone number of the official or agent to be contacted concerning the filing;
 - iii. a brief description of the proposed facility, its complete address (if known) or general location, its estimated cost, its planned in-service date, and its design capacity in gallons;
 - iv. the signatures and titles of the applicant's officers or executives authorized to sign the filing, and the signature of the preparer of the application if prepared by an outside agent;
 - v. A list of other required local and state permits or approvals required and documentation of the applicant's compliance with or its assurance that it will comply with those relevant policies, rules, or regulations;
 - vi. A description of the proposed facility, including
 1. The number of tanks proposed;
 2. The capacity of each tank;
 3. The number of existing tanks and their capacity already onsite;
 4. The estimated cost of the facility;
 5. The expected life of the tanks;
 6. The complete name and address of the engineer, if known, or firm that designed the proposed storage facility;
 7. The complete name and address, if known, of the contractor or firm that would construct the storage facility;
 8. The expected construction start date; and
 9. The expected in-service date of the facility.
 - vii. A brief summary of how the following requirements listed in Minn. R. 7829.3200 are met for each individual entity requesting the variance:
 1. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;

2. granting the variance would not adversely affect the public interest; and
 3. granting the variance would not conflict with standards imposed by law.
 - c. Upon receipt of a request for a variance, the Commission will delegate authority to the Executive Secretary to review the information filed for completeness and compliance with this order and certify to the entity filing the request for a variance that it has been approved.
 - d. Require that any entity that receives a variance from the Commission must construct the storage facility within one year of the receipt of the variance approval notification by the Commission. The entity may petition the Commission for an extension of the time to construct.
3. The rule variance is not intended to apply to Minn. R. Ch. 7851.
 4. Direct Commission staff to evaluate whether a rule modification to Minn. R. 7853.0010, subp. 23 (or other related rules) is appropriate in light of the circumstances and filings made in this record.

The motion passed 3 - 0.

PL-6668/CN-13-473

In the Matter of the Application of North Dakota Pipeline Company LLC for a Certificate of Need for the Sandpiper Pipeline Project

PL-6668/PPL-13-474

In the Matter of the Application of North Dakota Pipeline Company LLC for a Route Permit for the Sandpiper Pipeline Project

Commissioner Wergin moved to do the following:

1. Deny the request for additional public information meetings.
2. Reaffirm the February 11, 2014, orders that delegated administrative and timing decisions to the Executive Secretary, and deny the request to extend the current comment period to September 1, 2014.
3. Deny NDPC's Petition for Reconsideration of Amended Comment Period, thereby reaffirming the comment deadline date of May 30, 2014.
4. Reaffirm the February 11, 2014, orders that authorized joint proceedings, and deny the request to separate the current certificate-of-need and route-permit proceedings.

5. Encourage staff to consider public hearing locations that are convenient and promote public participation.

The motion passed 3 - 0.

P-999/M-13-138

In the Matter of the Department of Commerce/TAM's FY 2014 Proposed Budget and Surcharge Recommendation

P-999/M-14-5

In the Matter of TAM's 2013 Annual Report

P-999/M-14-151

In the Matter of TAM's FY 2015 Proposed Budget and Surcharge Recommendation

Commissioner Wergin moved to do the following:

1. Accept the 2013 Annual Report for Telecommunications Access Minnesota (TAM).
2. Accept TAM's Fiscal Year (FY) 2015 proposed budget.
3. Approve the proposed increase of the TAM surcharge from \$0.06 to \$0.08. Also, delegate to the Executive Secretary the authority to determine the effective date for implementing any surcharge change.

Chair Heydinger proposed amending the motion as follows:

3. Approve the proposed increase of the TAM surcharge from \$0.06 to \$0.08. Also, delegate to the Executive Secretary the authority to determine coordinate the effective date of any surcharge change with 911 Emergency and Public Safety Communications¹ or the Telephone Assistance Plan (TAP)² for implementing any surcharge change, but not later than December 1, 2014.

Commissioner Wergin accepted the amendment, and further moved as follows:

4. Direct TAM to proceed with the Audit Plan.³
5. Specify for the audit to cover Fiscal Year 2014.

¹ Minn. Stat. Chap. 403.

² Minn. Stat. §§ 237.69 – 237.711.

³ See *In the Matter of the Department of Commerce/TAM's FY 2014 Proposed Budget and Surcharge Recommendation*, Docket No. P-999/M-13-138, Order Accepting 2012 Annual Report, Approving Proposed FY 2014 Budget, Retaining Surcharge, and Authorizing Audit (June 4, 2013).

6. Specify that the audit shall cover the following Minnesota state agencies and contracts:

A. Agencies

- 1) Department of Commerce (Department)
 - TAM Fund
 - Telecommunications Relay Services
- 2) Department of Public Safety (DPS)
 - TAM surcharge collection from telecommunications carriers and transfer of surcharge revenue to the Department
- 3) Department of Human Services (DHS)
 - Telephone Equipment Distribution (TED) Program
 - Rural Real-Time Captioning Program
 - Minnesota Relay Outreach
- 4) Department of Employment and Economic Development (DEED)
 - Accessible News for the Blind Program

B. Contracts

- 1) Department – TAM Program Contracts
 - Communications Service for the Deaf (including sub-contracts with Sprint Relay and CapTel, Inc.)
 - DHS (for the Provision of the TED Program)
 - DHS (for the provision of Minnesota Relay outreach services)
 - DHS (for the provision of the Rural Real-Time Captioning Program)
 - DEED (for the provision of the Accessible News for the Blind Program)
- 2) DHS – TED Program Contracts
 - Harris Communications (for specialized telecommunications equipment)
 - Teltex, Inc. (for specialized telecommunications equipment)
 - Weitbrecht Communications, Inc. (for captioned telephone equipment)
 - Sprint Solutions, Inc. (for wireless devices and services)
 - GreatCall, Inc. d/b/a Jitterbug (for wireless devices and services)

7. Direct the Minnesota Department of Commerce (the Department) to submit audit budget for Commission approval prior to awarding the contract.

Chair Heydinger proposed amending the motion as follows:

6. Specify that the audit shall cover the Minnesota state agencies and contracts listed above, and including evaluation of the numbers reported by the contractors.

Commissioner Wergin accepted the amendment.

Commissioner Lipschultz proposed amending the motion as follows:

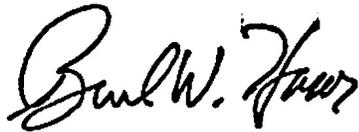
8. The Department shall submit to the Commission, or Commission designee pursuant to the Chair's authority to appoint a subcommittee,⁴ the audit plan prior to issuance of the request for proposal.

Commissioner Wergin accepted the amendment.

The amended motion passed 3 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: August 13, 2014



Burl W. Haar, Executive Secretary

⁴ See, for example, Minn. Stat. § 216A.03.