

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

The following matters were taken up by the Commission:

**E-015/M-11-409**

**In the Matter of Minnesota Power’s Fifth Annual Report for its Pilot Rider for Customer Affordability of Residential Electricity (CARE) Program**

Commissioner Tuma moved to do the following:

1. Accept Minnesota Power’s fifth annual Customer Affordability of Residential Electricity (CARE) Program Report.
2. Approve removal of a requirement for customers to participate in the budget plan, and a requirement to complete the Your Home Energy Report.
3. Order Minnesota Power, in coordination with the Commission’s Consumer Affairs Office, to meet with nonprofit organizations in its service territory, as well as the Energy Cents Coalition, to have discussions about improvements to Minnesota Power’s CARE program and Low-Income Home Energy Assistance Program (LIHEAP) and public outreach.

The motion passed 5–0.

**E-002/M-17-629**

**In the Matter of Northern States Power Company’s Petition for Approval of a Customer Bill Payment Assistance Program Exclusively for Low-Income Customers with Chronic or Severe Medical Conditions**

Commissioner Lipschultz moved to approve the Medical Electric Affordability Program changes proposed by Northern States Power Company d/b/a Xcel Energy (Xcel), effective January 1, 2018—

1. Incorporating the changes set forth in Xcel’s reply comments (October 5, 2017) and supplemental reply comments (October 12, 2017), and
2. Amending the language regarding the arrearage credit as follows:

Participating customers will receive an arrearage credit. Receipt of the arrearage forgiveness credit will require a customer copayment that does not exceed 3% of customer’s annual income. The energy credit is designed to eliminate customer arrears over a period of 12 to 24 months.

Commissioner Tuma proposed to amend the motion to also modify the Medical Electric Affordability Program Application, Section II. Energy Assistance, to say “If you answered ‘no’ in Section II, above, please provide proof of your income.”

Commissioner Lipschultz accepted the amendment.

The motion passed 5–0.

**E-111/D-17-505**

**In the Matter of Dakota Electric Association’s Petition for its Certification of Depreciation Rates and Methods**

Chair Lange moved to approve the requested service lives, salvage rates, and resulting depreciation rates as proposed by Dakota Electric Association.

The motion passed 5–0.

**G-004/D-17-450**

**In the Matter of Great Plains Natural Gas Company’s Five Year Depreciation Study**

Commissioner Schuerger moved to do the following:

1. Approve the depreciation parameters and depreciation rates proposed in the 2017 Depreciation Study of Great Plains National Gas Company (Great Plains).
2. Require Great Plains to file its next depreciation study by June 1, 2018.

The motion passed 5–0.

**E-002/M-17-445**

**In the Matter of the Petition of Northern States Power Company for a Renewal of Variances to the Fuel Clause Adjustment (FCA) Rules**

Commissioner Lipschultz moved to do the following:

1. Approve the request for variances to the Fuel Clause Rules filed by Northern States Power Company d/b/a Xcel Energy (Xcel) and grant an additional extension to the variances for up to three years.
2. Require Xcel to make the same future compliance requirements that were required in the Commission’s October 24, 2014 order in Docket No. E-002/M-14-364, *In the Matter*

*of a Petition by Northern States Power Company d/b/a Xcel Energy for Renewal of Variances to the Fuel Clause Adjustment Rules.*

3. Allow any decision on a new or revised Fuel Clause Adjustment (FCA) mechanism to take precedence and end the variance prior to the end of the three year extension.

Commissioner Schuerger proposed to amend ordering paragraph 3 above as follows:

3. All ~~Allow any~~ decisions on a new or revised FCA mechanism will ~~to~~ take precedence and end the variance prior to the end of the three year extension.

Commissioner Lipschultz accepted the amendment.

The amended motion passed 5–0.

**G-011/GR-17-563**

**In the Matter of the Application by Minnesota Energy Resources Corporation (MERC) for Authority to Increase Rates for Natural Gas Service in Minnesota**

Commissioner Tuma moved to do the following:

1. Accept this filing as being in proper form and substantially complete as of October 13, 2017.
2. Grant to Minnesota Energy Resources Corporation (MERC or the Company) a variance to Minn. R. 7825.3100.
3. Find that the Commission has insufficient time to make a final determination if the rates are suspended for only a 10-month period because of the need to make a final determination in other pending cases involving changes in general rates. Find that the rates in this case should be suspended for an additional ninety days, until November 13, 2018.
4. Refer this matter to the Office of Administrative Hearings for a Contested Case Proceeding.
  - A. Request that the Administrative Law Judge (ALJ) file his or her report on or before August 13, 2018, or, if the deadline for the Commission’s decision is extended beyond ten months plus ninety days at any point during this proceeding for any reason (e.g. settlement discussions, waiver, etc.), that the ALJ file the report at least three months before the extended deadline for the Commission’s decision.
  - B. Issues requiring development of a complete record in this case include the following:

- 1) Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company?
- 2) Is the rate design proposed by the Company reasonable?
- 3) Are the Company's proposed capital structure and return on equity reasonable?
- 4) Regarding MERC's Revenue Decoupling Program—
  - How has the Small C&I sales forecast and customer count been determined, how does it compare with recent years actuals, and does the proposed forecast seem reasonable?
  - How will MERC's reclassification of customers into multiple rate subclasses impact its revenue decoupling program?
  - Is MERC three-year extension request of the Decoupling Pilot reasonable?
5. Require MERC to reflect any updated sales forecasts from its general rate case in its per dekatherm demand/commodity cost of gas rate. The updates should be filed in this docket, and the related base cost of gas should be filed in Docket No. G-011/MR-17-564, *In the Matter of the Petition of Minnesota Energy Resources Corporation (MERC) for Approval to Establish a New Base Cost of Gas for Interim Rates in MERC's General Rate Case, in Docket No. G-011/GR-17-563.*
6. Authorize MERC to implement interim rates for service rendered on and after December 12, 2017 (sixty days after MERC's October 13, 2017 filing date). Grant MERC's request to waive its right under the statute to put interim rates into effect on December 12, 2017, and acknowledge and approve MERC's request to implement interim rates for services rendered on and after January 1, 2018.
7. Approve an annual interim rate revenue deficiency of \$9,652,055 million, or 3.86 percent.
8. Approve MERC's proposed interim cost of capital for setting interim rates.
9. Regarding interim rates:
  - A. Approve MERC's request to collect the approved interim rate increase as a uniform percent interim rate adjustment to the base rate portion of customer bills, i.e. the basic service charge, the delivery charge, and the Demand Charge. Require MERC to display the interim rate increase on customer bills using a single, line-item interim rate adjustment.

- B. Determine that exigent circumstances exist and approve MERC's request to forgo full collection of the interim rate increase from its Super Large Volume customers and its FLEX rate customers, increasing the customer charge and daily firm capacity charge for these customers, and to not seek recovery of the difference from its other customers.
10. Approve MERC's request to classify the salaries of the sixth through tenth highest paid employees as non-public, private data.
11. Regarding administrative and compliance issues:
- A. In the Notice and Order for Hearing, require the following:
- 1) This Order will be served on the Company, which shall mail copies of the Order to all municipalities, counties, and local governing bodies in its Minnesota service area.
  - 2) Public Hearings shall be held in this matter at locations within the service area of the Company.
  - 3) The Company shall give the following notices of the evidentiary and public hearings:
    - Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.
    - Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
    - Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.
    - The Company shall submit proposed notices for Commission approval prior to publication or service.
- B. In the Order Setting Interim Rate require the following:

- 1) Order the Company to file with the Commission and the Department of Commerce-Division of Energy Resources interim rate tariff sheets and supporting documentation reflecting the decisions herein. The Company's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
  - 2) Order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
  - 3) Order the Company to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, the Company shall certify this fact to the Commission.
  - 4) Require MERC to maintain records of Conservation Improvement Program (CIP) costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.
12. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding

The motion passed 5–0.

**G-011/MR-17-564**

**In the Matter of the Petition of Minnesota Energy Resources Corporation (MERC) for Approval to Establish a New Base Cost of Gas for Interim Rates in MERC's General Rate Case, in Docket No. G-011/GR-17-563**

Commissioner Sieben moved to do the following:

1. Approve MERC's interim period base cost of gas petition.
2. Direct MERC to work with the Department and Commission Staff to determine the appropriate timing for filing its updated base cost of gas information reflecting changes in the demand cost caused by revised interstate pipeline contracts and changes in commodity costs caused by revised NYMEX gas prices. Provide this updated information in both its updated base cost of gas petition (Docket No. 17-564) and, for informational purposes, in the general rate case (Docket No. 17-563). If the update reflects demand

cost different from the demand entitlement levels in Docket Nos. 17-587 and 17-588, provide a detailed explanation describing the differences.

3. Direct the Company to work with the Department and Commission Staff to determine whether this updated information should be applied to MERC's base cost of gas in the general rate case.
4. If so directed, require MERC to update its general rate case (Docket No. 17-563) for other cost impacts, such as its storage balances, uncollectible accounts, and the lead/lag study calculations when MERC updates its base cost of gas costs.
5. Require MERC to reconcile its demand costs in its November update in Docket Nos. 17-587 and 17-588 (demand entitlement petitions) to its October 1, 2017 purchased gas adjustment (Docket No. 17-703) and provide an explanation for any changes. Provide this information as a supplement to Docket Nos. 17-587 and 17-588.
6. Require MERC to provide detailed information on the status of the AECO storage contract replacement in its November update in Docket No. 17-587 (demand entitlement petition). Provide this information as a supplement to Docket Nos. 17-587.
7. Require MERC to provide an updated explanation of its plan to use system baseload and spot market quantities to cover the quantities from the AECO storage contract that MERC decided to release for the remaining term of the contract.

The motion passed 5–0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: February 28, 2018**



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**Daniel P. Wolf, Executive Secretary**