

The Commission met on **Thursday, November 19, 2015**, with Chair Heydinger, and Commissioners Lipschultz, Tuma, and Wergin.

The following matters were taken up by the Commission:

U999/R-13-24

In the Matter of Possible Amendments to Rules Governing Utility Proceeding, Practice, and Procedure, Minnesota Rules Chapter 7829, Excluding Part 7829.2550, Which is Subject to a Separate Pending Rulemaking

Commissioner Wergin moved that the Commission adopt the above-captioned rules, in the form set out in the State Register on June 15, 2015, with the modifications set forth in the staff briefing papers and indicated in the Revisor's draft, file number AR-4159, dated December 3, 2015.

The motion passed 4-0.

TELECOMMUNICATIONS AGENDA

P-6944/M-15-65

In the Matter of the Petition of Lake County Minnesota d/b/a Lake Connections for ETC Designation in Minnesota

Commissioner Lipschultz moved to approve Lake County's petition for ETC designation in Minnesota for the purpose of qualifying for receipt of federal Connect America Funds as part of the FCC's Rural Broadband Experiments.

The motion passed 4-0.

ENERGY AGENDA

G008/M-15-414

In the Matter of CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas' 2014 Annual Gas Service Quality Report

Commissioner Tuma moved that the Commission adopt the Department recommendation to accept the report.

The motion passed 4-0.

G022/M-15-851

In the Matter of Greater Minnesota Gas Inc.'s Miscellaneous Tariff Filing in Compliance with the Commission's Order in Docket No. G-022/AA-14-728 and Its Directive in Docket No. G-022/M-15-315;

G022/M-15-315

In the Matter of the Application of Greater Minnesota Gas, Incorporated's Gas Affordability Program 2014 Annual Compliance Report;

G999/AA-14-580

In the Matter of the Review of the 2013-2014 Annual Automatic Adjustment Reports and Annual Purchased Gas Adjustment (PGA) True-up Filings;

G022/AA-14-728

In the Matter of Greater Minnesota Gas, Inc.'s Annual Purchased Gas Adjustment True-Up Filing

Commissioner Wergin moved that the Commission adopt the Department recommendation to

- Acknowledge that GMG complied with the 14-728 and 15-315 orders.
- Approve the section of GMG's proposed tariff related to the curtailment penalty.
- Take no action on the section of GMG's proposed tariff related to the Company's GAP tariff.

The motion passed 4-0.

G-022/M-15-855

In the Matter of Greater Minnesota Gas, Inc.'s Petition for Approval to Change Its Gas Affordability Program

Commissioner Lipschultz moved to take the following actions:

- 1) Approve the Company's proposed changes to its Gas Affordability Program and allow the Company to implement the Program as of January 1, 2016;
- 2) Determine that GMG shall operate its Program as a pilot program until such time in the future the Commission determines the Program to be permanent and orders that GMG's tariff shall be updated to make the Program permanent;
- 3) Require GMG to include a comparison of service disconnection rates for GAO customers, non-GAP LIHEAP customers, and Non-LIHEAP customers in its annual filings and in its March 31, 2019 program evaluation;
- 4) In addition to its annual GA reporting requirements, require GMG to file a comprehensive evaluation report by March 31, 2019 discussing and assessing its GAP from January 1, 2016 through December 31, 2018; and

- 5) Require GMG to file updated tariff sheets within ten days of the Commission's Order.

The motion passed 4–0.

G022/D-15-671

In the Matter of Greater Minnesota Gas, Inc.'s Petition for Approval of Its 2015 Depreciation Certification

Commissioner Tuma moved to take the following actions:

1. Determine the Company did not file its five-year depreciation study in a timely manner.
2. Approve GMG's proposed average service lives, salvage rates, and resulting annual depreciation rates.
3. Require GMG to file its next five-year depreciation study by August 1, 2020, beginning with detail for the year 2015.
4. Approve GMG's proposed salvage funding of \$584,624 over a five-year period (\$116,925/year) beginning January 1, 2015.
5. Determine the Company's method of conducting its five-year depreciation study is appropriate.

The motion passed 4–0.

G-022/M-15-285

IN the Matter of a Petition by Greater Minnesota Gas, Inc. for Approval of Changes in Contract Demand Entitlements for the 2015-2016 Heating Season Supply Plan Effective November 1, 2015

Commissioner Tuma moved to take the following action:

Take action, and accept PUC staff revised DD requirements and demand entitlement levels calculations reflected in Table 6 of staff's briefing papers, but hold GMG's reserve margin at its initial petition level of 10.35% by adjusting GMG's recoverable demand entitlement level to 10,696 Dth/day, making GMG responsible for the unrecoverable demand entitlement costs related to the difference in demand entitlements of 1,813 Dth/day (12,509 Dth/day-10,696 Dth/day). Allow GMG to request a modification to the unrecoverable demand entitlement costs in a true up after the winter heating season still based on the reserve margin of 10.35%, but accounting for any new customs coming onto their system during the 2015-2016 winter heating season.

After discussion, Commissioner Tuma withdrew his motion.

Commissioner Wergin moved that the Commission take no action, but require GMG to file a monthly progress letter reflecting its increase in customer count for that month along with its revised total customer count and require Commission review after 6 months.

The motion passed 4–0.

E002/M-15-522

In the Matter of Northern States Power Company’s Report on the Operation and Performance of its 2014 Incentive Compensation Plan;

E002/GR-92-1185

In the Matter of the Application of Northern States Power Company for Authority to Increase Its Rates for Electric Service in the State of Minnesota;

G002/GR-92-1186

In the Matter of the Application of Northern States Power Company’s Gas Utility for Authority to Change Its Schedule of Gas Rates for Retail Customers Within the State of Minnesota;

Commissioner Tuma moved that the Commission adopt the Department recommendation to require Xcel Energy to continue to provide the Incentive Compensation Plan scorecard results in the same detailed format, as shown in Attachment B of Xcel’s 2014 report, on an annual basis.

The motion passed 4–0.

G002/M-15-194

In the Matter of the Petition for Approval of a Modification to the Natural Gas State Energy Policy (SEP) Tariff Rate, 2015 Project Eligibility, 2015 SEP Adjustment Factor, and 2014 SEP Compliance Filing

Chair Heydinger moved that the Commission:

1. Approve the 2014 SEP compliance filing.
2. Approve the proposed customer notice subject to it including the Commission approved rate factor.
3. Approve the proposed 2015-2016 natural gas SEP adjustment factor of \$0.000724 per therm.
4. Approve the proposed tariff sheet, provided that Xcel submit a revised tariff in a compliance filing that reflects the Commission approved SEP factor.

5. Not require Xcel to pursue, at this time, creating, verifying and selling carbon offset credits from its cast iron pipe replacement activities.
6. Retain the requirement that the Company report and credit the SEP Tracker with any proceeds received from the sale of carbon offsets or credits associated with the Project.

The motion passed 4–0.

E-002/M-13-867

In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of Its Proposed Community Solar Garden Program

Commissioner Wergin moved to adopt the following definition of co-located gardens:

Community Solar Gardens shall be considered “Co-Located” if they exhibit characteristics of a single development, such as

- i. common ownership structure,
- ii. an umbrella sale arrangement,
- iii. shared interconnection,
- iv. revenue-sharing arrangements, and
- v. common debt and equity financing.

Community Solar Gardens will not be considered co-located solely because the same person or entity provided tax equity financing for the garden or garden project.

The motion passed 4–0.

Commissioner Lipschultz moved to make the following finding on the applicability of material-upgrade limitations:

- 5.h.i. The Company will determine whether a “Material Upgrade” to the Company network is needed to accommodate a Community Solar Garden. A Material Upgrade will not be performed. The material upgrade limitations in this section shall only apply to co-located community solar gardens.

The motion passed 4–0.

Commissioner Lipschultz moved to adopt the following tariff language regarding material upgrades:

5.h.i.aa. Material Upgrades that will not be performed are limited to the following:

- New substation transformer
- Upgrade substation transformer¹
- Install new feeder bay
- Install new overhead or underground feeder²
- Changes that require a substation outage that materially affects service to customers or creates an unreasonable operational risk

The motion passed 4–0.

Commissioner Lipschultz moved to adopt the following language regarding transparency of costs for material upgrades and insert it in the appropriate location in Xcel’s tariff:

For a material upgrade exceeding the \$1 million limitation applicable to (1) three-phase line extension on existing feeders and (2) reconductor/build line, the Company will provide the applicant with an itemized list of the cost inputs, including any unit costs and any underlying data and documentation related to those unit costs, that comprise the Company’s determination.

The motion passed 4–0.

Chair Heydinger moved to make the following revisions to Xcel’s proposed tariff language regarding the independent engineer’s review of interconnection disputes:

9.a. . . . The safety and reliability of the Company’s system should be given paramount consideration in any analysis. The review of the independent engineer must ~~use~~ consider industry standards for interconnection, including the current version of the National Electric Safety Code, National Electric Code as adopted in Minnesota, FERC rules, NERC rules, Minnesota rules, Minnesota Interconnection Standards and must consider, on a case-by-case basis, the Company’s standards for building, safety, power quality, reliability and long-term stable operations for building facilities even where such standards ~~exceed~~ are more restrictive than the minimum requirements set forth in the codes, standards and rules. Continuity and consistency of using Company standards is paramount for employee safety. The standards employed by the Company (and as used by the independent engineer) should not vary, where applicable, from the standards which the Company uses when constructing, maintaining, or repairing its distribution network for purposes of providing service to its own retail

customers. However, if the independent engineer determines that a particular piece of equipment or engineering alternative proposed by Xcel is more restrictive than industry standards but does not discourage cogeneration or small power production, the Company may implement that alternative, if the Company pays the incremental cost in excess of the amount necessary to implement the industry standard. The additional incremental costs paid by Xcel cannot be included in the \$1 million material upgrade limit. Xcel would continue to have the burden of proof to show that it is reasonable for its ratepayers to pay for the costs of the more restrictive standards.

The motion passed 4–0.

Chair Heydinger moved to adopt the following language on transferring queue positions:

A solar-garden applicant is not allowed to transfer its queue position related to a solar-garden application to a different developer for that portion of the project that exceeds the Co-Location Limits established by the Commission. A developer resizing its solar-garden project to meet a limit is not prevented from selling assets—land rights, for example—that it can no longer use. However, if the transferee wishes to develop a solar garden with these assets, it must submit an application and begin the process anew.

Chair Heydinger withdrew her motion.

Commissioner Lipschultz moved to revise Xcel’s proposed tariff language on divesting as follows:

13. An applicant is not allowed to transfer the Study Queue Position of ~~any~~ a Community Solar Garden application to a different entity for projects that exceed the applicable Co-Location Limits.

The motion passed 4–0.

Commissioner Wergin moved to make no changes to Xcel’s proposed tariffs on the issue of interconnection construction timelines.

The motion passed 4–0.

Commissioner Wergin moved to make no changes to Xcel’s proposed tariffs on the issue of telecommunication upgrades.

The motion failed 2–2. Commissioners Lipschultz and Tuma voted against the motion.

Commissioner Lipschultz moved to add the following additional language to section 5 of Xcel's proposed tariffs:

5.k. The commissioning of a Community Solar Garden shall not be delayed solely to facilitate the installation of a telecommunications upgrade between the Company's substation and its operational network, unless the upgrade is needed to address a non-redundant safety or reliability concern caused by said Community Solar Garden. Xcel shall implement this provision through an exception process that would allow a project to be commissioned prior to the completion of the installation of the telecommunications upgrade.

Commissioner Lipschultz withdrew his motion.

Chair Heydinger moved to add the following additional language to Xcel's proposed tariffs:

Metering, monitoring, and control are governed by Section 10 of the Company's tariff. However, the Company shall develop a process to aid commissioning of community solar gardens prior to installation of a telecommunications upgrade between the Company's substation and its operational network if to do so would not affect the safety or reliability of the Company's system.

The motion passed 3-1. Commissioner Wergin voted against the motion.

Commissioner Wergin moved to make no changes to Xcel's proposed tariffs on the issue of site-specific service-line configurations.

The motion passed 4-0.

Commissioner Wergin moved to make no changes to Xcel's proposed tariffs on the issue of an avoidable-cost penalty.

The motion passed 4-0.

Commissioner Lipschultz moved to direct Xcel to file, within 10 days of the order in this matter, its current interconnection implementation plan with the Commission and the Working Group, demonstrating that it has prudently planned for and has all resources required to timely connect the projects in the CSG queue, and work openly and collaboratively with Stakeholder Workgroup members to identify and solve any obstacles to interconnection of projects meeting all CSG program requirements in order to meet the federal 2016 investment tax credit deadline.

Commissioner Lipschultz withdrew his motion.

Commissioner Tuma moved to require Xcel to refile its compliance tariffs reflecting the decisions made by the Commission herein within three days of the order, such tariffs to become effective upon filing.

The motion passed 4-0.

Commissioner Wergin moved to approve Xcel's tariffs as filed on October 20, 2015, with the foregoing changes.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 27, 2016

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