

The Commission met on **Thursday, August 9, 2018**, with Chair Lange and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

**IP-6903/WS-18-179**

**IP-6903/WS-13-205**

**In the Matter of the Application of Lake Benton Power Partners II, LLC for a Site Permit for the 100.2 MW Lake Benton II Wind Repowering Project and Associated Facilities in Pipestone County**

Commissioner Tuma moved to do the following:

1. Accept the site permit amendment application as substantially complete.
2. Require Lake Benton Power Partners II (the Applicant) to submit a detailed decommissioning plan for its existing Lake Benton II Wind Farm.
3. Confirm that the proposed repowering project should be processed as a proposed permit amendment.
4. Issue a draft site permit at this time.
5. Adopt the following administrative actions:
  - Delegate administrative authority, including timing issues, to the Executive Secretary.
  - Direct Commission public advisor Charley Bruce, (651) 201-2251, [publicadvisor.puc@state.mn.us](mailto:publicadvisor.puc@state.mn.us), to facilitate citizen participation in the process.
  - 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 site permit.
  - Require the Applicant to facilitate in every reasonable way the continued examination of the issues requested by the Department and Commission staff.
  - Require the Applicant to place a print or electronic copy of the site permit application in the government center or public library located closest to the proposed project site.

- Direct the Applicant to work with Commission staff and the Department’s Energy Environmental Review and Analysis unit (EERA) to arrange for publication of the notice of meeting in newspapers of general circulation at least ten days prior to the meeting, that such notice be in the form of visible display ads and that proof of publication be obtained from the newspapers selected.
- Direct that all noticing requirements in these matters provided for under Minnesota Statutes chapter 216F and Minnesota Rules chapter 7854 include delivery to all affected landowners. An affected landowner is any landowner or designee that is within or adjacent to the site boundary of a proposed Large Wind Energy Conversion System.

The motion passed 5-0.

**E-017/M-18-378**

**In the Matter of Otter Tail Power Company’s Community-Based Energy Development (C-BED) Tariff**

Commissioner Lipschultz moved to accept Otter Tail Power Company’s compliance filing retaining the company’s C-BED tariff for the remainder of the 20-year term of the University of Minnesota Morris’s power purchase agreement, but change the tariff’s language to clarify that the tariff is closed to new customers.

The motion passed 5-0.

**E-002/M-18-252**

**In the Matter of the Request by Northern States Power Company d/b/a Xcel Energy (Xcel) for Approval of its Proposed Renewable\*Connect 2019 Month-to-Month and Special Event Rates and its 2019 Neutrality Charge**

Commissioner Schuerger moved to do the following:

1. Approve Xcel’s proposed 2019 Month-to-Month and Special Event Rate, incorporating an updated Neutrality Charge and Capacity Credit.
2. Direct Xcel to propose revisions to its method for calculating the Neutrality Adjustment, and provide support for the revised method, in Xcel’s April 1, 2019 compliance filing.

The motion passed 5-0.

**E-002/CI-18-251**

**In the Matter of Distribution System Planning For Xcel**

Chair Lange moved to adopt Staff's Integrated Distribution Plan (IDP) filing requirements for Xcel as revised in Staff's August 8, 2018 briefing papers, including Decision Options 11, 12 (revised), 13, 17, 18, 20, 22, 23, 25, 27, 28, 30, 31, 32, 33, 34, 35, 36, 40 (revised), 41 (revised), 58, 62, 63, 65, 67, 68, 69, 70, 73 and clarification of Filing Requirement #29. The following Decision Options were revised as follows:

1. Decision Option 12 is revised to state:

For filing requirements which Xcel claims is not yet practicable or is currently cost-prohibitive to provide, Xcel shall indicate for each requirement:

- a. Why the Company has claimed the information is not yet practicable or is currently cost-prohibitive;
- b. How the information could be obtained, at what estimated cost, and timeframe;
- c. What the benefits or limitations of filing the data in future reports as related to achieving the planning objectives;
- d. If the information cannot be provided in future reports, what information in the alternative could be provided and how it would achieve the planning objectives.

2. Decision Option 40 is revised to state (Revised Filing Requirement #26):

~~Track future distribution spending in the following categories:~~ Historical distribution system spending for the past 5-years, in each category:

- a. *Age-Related Replacements and Asset Renewal*
- b. *System Expansion or Upgrades for Capacity*
- c. *System Expansion or Upgrades for Reliability and Power Quality*
- d. *New Customer Projects and New Revenue*
- e. *Grid Modernization and Pilot Projects*
- f. ~~Government Mandates~~ Projects related to local (or other) government-requirements

- g. Metering
- h. Other

The Company may provide in the IDP any 2018 or earlier data in the following rate case categories:

- a. Asset Health
- b. New Business
- c. Capacity
- d. Fleet, Tools, and Equipment
- e. Grid Modernization

For each category, provide a description of what items and investments are included.

3. Decision Option 41 is revised to state (Revised Filing Requirement #27):

~~Customer~~ All non-Xcel investments in distribution system upgrades (e.g. those required as a condition of interconnection) by subset (Community Solar Garden, customer-sited, and power purchase agreement) and other location (i.e. feeder or substation.)

4. Filing Requirement 29 is clarified to align with new categories in Filing Requirement #26:

~~Planned distribution capital projects, including drivers for the project (e.g. see list in 19 &),~~ Planned distribution capital projects, including drivers for the project (e.g. see list in 19 &), timeline for improvement, summary of anticipated changes in historic spending. Driver categories should include:

- a. Age-Related Replacements and Asset Renewal
- b. System Expansion or Upgrades for Capacity
- c. System Expansion or Upgrades for Reliability and Power Quality
- d. New Customer Projects and New Revenue
- e. Grid Modernization and Pilot Projects
- f. ~~Government Mandates~~ Projects related to local (or other) government-requirements

*g. Metering*

*h. Other*

The motion passed 5-0.

**E, G-999/CI-17-895**

**In the Matter of a Commission Investigation into the Effects on Electric and Natural Gas Utility Rates and Services of the 2017 Federal Tax Act**

Commissioner Sieben moved to do the following:

1. Regarding the current period tax reduction, require Northern States Power Company d/b/a Xcel Energy (Xcel Electric) to fully refund the balance of \$80,246,667 of costs related to the 2017 federal Tax Cuts and Jobs Act (TCJA), Pub. L. 115-97, following adoption of Motion Paragraphs 2 and 3.
2. Authorize Xcel Electric to reduce the total refund amount by \$21.7 million to fund the accelerated depreciation of the King Plant, and allocate the \$21.7 million to the Minnesota jurisdiction.
3. Authorize Xcel Electric to reduce the total refund amount by \$2 million to increase PowerOn funding.
4. Require Xcel Electric, using the Average Rate Assumption Method (ARAM) to amortize protected excess accumulated deferred income tax liability (ADIT) and refund ratepayers as early as the federal Internal Revenue Service (IRS) provisions allow.
5. Authorize Xcel Electric to amortize and refund unprotected excess ADIT over a 10-year period for longer term assets (such as Pension Expense) and a 5-year period for all other non-plant-related excess ADIT.
6. Require Xcel Electric to prospectively incorporate the Commission-required TCJA impacts into base rates (via a percentage of bill or a percentage of revenue requirement by class) and provide a one-time refund capturing the TCJA's impacts from January 1, 2018, to the refund implementation date.
7. Require Xcel Electric to make a compliance filing providing a breakdown of the 2019 TCJA impacts by segments within 30 days of the Commission's order. Require Xcel Electric to fully refund the \$80,246,667 of TCJA-related costs.

Commissioner Lipschultz proposed amending the motion to remove Paragraph 2. Commissioner Sieben declined the amendment.

The motion failed 3-2; Chair Lange and Commissioners Lipschultz and Tuma voted no.

Commissioner Sieben re-offered her previous motion amended as follows:

1. Require Xcel Electric to fully refund the balance of ~~\$80,246,667~~ \$78,246,667 of current-period TCJA-related costs.
2. ~~Authorize Xcel Electric to reduce the total refund amount by \$21.7 million to fund the accelerated depreciation of the King Plant, and allocate the \$21.7 million to the Minnesota jurisdiction.~~

The motion passed 5-0.

Commissioner Tuma moved to do the following:

8. Regarding the current period tax reduction, require Northern States Power Company, d/b/a Xcel Energy (Xcel Gas) to fully refund the \$2,412,004.
9. Require Xcel Gas, using ARAM, to amortize protected excess ADIT and refund ratepayers as early as IRS provisions allow.
10. Authorize Xcel to amortize and refund unprotected excess ADIT over a ten year period for unprotected excess ADIT
11. Require Xcel Gas to prospectively incorporate the Commission-required TCJA impacts into base rates and provide a one-time refund capturing the TCJA's impacts from January 1, 2018 to implementation date. Xcel must show that refunds are consistent with rate design and track refunds separately.

The motion passed 5-0.

Commissioner Tuma moved to do the following:

12. Authorize Minnesota Power, using ARAM, to amortize protected excess ADIT and to incorporate the amortization effect in conjunction with implementation of final rates in its current rate case, Docket No. E-015/GR-16-664, In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota.
13. Authorize Minnesota Power to amortize unprotected excess ADIT over a 10-year period to incorporate the amortization effect in conjunction with implementation of final rates in its current rate case, Docket No. E-015/GR-16-664.

14. Require Minnesota Power to prospectively incorporate the Commission-required excess ADIT impacts using a rider and provide a one-time refund capturing the excess ADIT's impacts from January 1, 2018 to implementation date unless it is incorporated into the rate case interim rate refund calculation. Minnesota Power shall make annual compliance filings on March 1.

The motion passed 5-0.

Commissioner Lipschultz moved to allow all of the TCJA-related matters of Minnesota Energy Resources Corporation (MERC) to be handled in Docket No. G-011/GR-17-563, In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota.

The motion passed 5-0.

Commissioner Tuma moved that the Commission—

15. Regarding the current period tax reduction, require Great Plains Natural Gas (Great Plains) to refund the \$235,708 of TCJA-related costs.
16. Require Great Plains, using ARAM, to amortize plant-related excess ADIT and refund ratepayers as early as IRS provisions allow.
17. Authorize Great Plains to amortize and refund non-plant-related excess ADIT over a ten-year period.
18. Require Great Plains to prospectively incorporate the Commission-required TCJA impacts into base rates and provide a one-time refund capturing the TCJA's impacts from January 1, 2018 to implementation date.

The motion passed 5-0.

Commissioner Lipschultz moved to find that Dakota Electric Association is not impacted by the TCJA and, therefore, no adjustment is necessary.

The motion passed 5-0.

Commissioner Tuma moved to do the following:

19. Regarding the current period tax reduction, require Otter Tail Power Company (Otter Tail) to refund the \$4,894,671 of TCJA-related costs.
20. Require Otter Tail to use its 2017 year-end ADIT balance to calculate its excess ADIT balance.

21. Require Otter Tail, using ARAM, to amortize protected excess ADIT and refund ratepayers as early as IRS provisions allow.
22. Authorize Otter Tail to amortize and refund unprotected excess ADIT over a ten-year period.
23. Require Otter Tail to prospectively incorporate the Commission-required TCJA impacts into base rates (via a percentage of bill or a percentage of revenue requirement by class) and provide a one-time refund capturing the TCJA's impacts from January 1, 2018 to implementation date.

The motion passed 5-0.

Commissioner Lipschultz moved that the Commission—

24. Regarding the current period tax deduction, require Greater Minnesota Gas Company (Greater Minnesota Gas) to refund the net amount of all tax-related impacts of \$48,258.
25. Require Greater Minnesota Gas to prospectively incorporate the Commission-required TCJA impacts into base rates (via a percentage of bill or a percentage of revenue requirement by class) and provide a one-time refund capturing the TCJA's impacts from January 1, 2018 to implementation date.

The motion passed 5-0.

Commissioner Lipschultz moved to do the following:

26. Require that no carrying costs be added to TCJA-related refunds.
27. For all utilities' decoupling calculations beginning January 1, 2018, require that those calculations be based on and reflect the TCJA's impact.
28. Require that Xcel's Sales True-up calculation be based on and reflect the TCJA's impact.
29. Require that all compliance filings for net operating losses be based on and reflect the TCJA's impact.
30. Require that any other compliance filing that is impacted by the TCJA be based on and reflect the TCJA's impact.



31. Within 30 days of the Commission order, require all utilities to make a compliance filing proposing an implementation date, all supporting calculations for the Commission-required refund and adjustment to base rates (as applicable), and a proposed customer notice.
32. Request interested parties to file comments within 30 days of the utilities submitting their compliance filings.
33. Delegate authority to the Commission's Executive Secretary to vary the deadlines and procedures specified in the order as appropriate.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: December 19, 2018**

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive, flowing style.

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**Daniel P. Wolf, Executive Secretary**