

The Commission met on **Thursday, January 14, 2016**, with Chair Heydinger, and Commissioners Lange, Lipschultz, Tuma, and Wergin present.

The following matters were taken up by the Commission:

TELECOMMUNICATIONS AGENDA

~~P-3113/RV-14-785~~

~~In the Matter of the Revocation of Telecare, Inc.'s Certificate of Authority~~

~~P-999/M-14-979~~

~~In the Matter of the Petition to Order Discontinuance of Service to Revoked Carriers and Carriers that have Relinquished their Certificates of Authority~~

PULLED

P-6954/NA-15-847

In the Matter of the Application of Alliance Connect, LLC to obtain Commission Approval to Provide Local Resale and Interexchange Telecommunications Services

P-6954, 6452/PA-15-893

In the Matter of the Joint Application of LightEdge Solutions, Inc., LH Telecom, Inc., and Alliance Connect, LLC to Transfer Assets and Customers

Commissioner Tuma moved to take the following actions:

New Authority Order (Docket No. 15-847)

1. Modify Alliance Connect's certificate of authority to limit that authority to the provision of niche services in the requested exchanges; and
2. Eliminate the conditions requiring Alliance Connect to a) obtain an approved 911 plan and b) obtain approved interconnection agreements pursuant to Minn. Stat. §§ 216A and 237 only;

Asset Transfer Order (Docket No. 15-893)

3. Eliminate the conditions requiring Alliance Connect to a) obtain an approved 911 plan, b) collect and remit 911 fees, and c) obtain approved interconnection agreements pursuant to Minn. Stat. §§ 216A and 237 only;
4. Eliminate the conditions requiring LightEdge/LH Telecom to collect and remit 911 fees, and eliminate the analytical statements regarding NXX codes and notification of USAC, pursuant to Minn. Stat. §§ 216A and 237 only;

5. This decision does not limit or alter the authority of the state through the Department of Public Safety to enforce the 911 emergency calling obligations of the parties pursuant to Minnesota Statutes Chapter 403 or any other provisions of the statutes or rules of Minnesota.

The motion passed 5-0.

ENERGY AGENDA

E-293,015/SA-15-989

In the matter of the Joint Request of the City of Pierz and Minnesota Power, Collectively the Parties, for Approval of a Compensation and Service Territory Agreement

Commissioner Wergin moved to approve the requested service territory boundary transfer from Minnesota Power to the City of Pierz.

The motion passed 5-0.

E-015/AI-15-712

IN the Matter of Minnesota Power's Petition for Approval of Affiliate Interests Between ALLETE Inc. and ALLETE Clean Energy

Commissioner Lipschultz moved to take the following actions:

1. Approve Minnesota Power's New Lease Agreement between ALLETE Inc./Minnesota Power and ACE, with requirement that Minnesota Power use consistent terms for its affiliated and non-affiliated leases when similarly situated;
2. Require Minnesota Power to require a 6 month or 12 month termination notice requirement for all tenants, including revising either the MPECU or ACE's lease agreement to make them consistent;
3. Require Minnesota Power, in its next rate case, to provide the following information:
 - a. Background on Investor Relations and Board of Directors' costs, including categories of types of costs, basis for the categories of costs, amounts of costs by category, how costs are allocated between shareholders and ratepayers, and why the allocation is reasonable; and

- b. For any costs (besides Investor Relations and Board of Directors) that Minnesota Power continues to allocate using its “Corporate Equity” allocator, Minnesota Power should provide support that these costs cannot be direct assigned and cannot be allocated using an indirect cost causative allocator . Additionally, Minnesota Power should explain and support why the Commission’s general allocator of “Expenses less purchased goods sold” is not being used, including why the Company’s Corporate Equity” allocator is a superior allocator and does not harm ratepayers.

The motion passed 5-0.

G-011/M-15-895

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC) for Evaluation and Approval of Rider Recovery for Its Rochester Natural Gas Extension Project

Commissioner Lipschultz moved to take the following actions:

1. Accept MERC’s petition as being substantially complete.
2. Refer the petition to the Office of Administrative Hearings (OAH) as a separate, standalone contested case. Move all MERC’s Rochester Project Phase II costs and all project issues from MERC’s general rate case to this docket and request, to the extent practicable and taking into account the constraints of the parties, that the administrative law judge assigned to the case return a report no later than November 30, 2016.
3. Request that the Project Investigation Scope Issues include the following:
 - a. Are the Rochester Project investments prudent, reasonable, and necessary to provide service to MERC’s Rochester area, taking into account the City of Rochester’s announced goal of using 100% renewable energy by 2031?
 - b. Is it reasonable to recover the Rochester project costs from all of MERC’s ratepayers?
 - i. If so, on what basis;
 - ii. If not, what other allocation method would be more reasonable?
 - iii. What other funds may be available to cover the project costs?
4. Defer the Commission’s decision on MERC’s revenue deficiency calculation accuracy as defined in Minnesota Statutes section 216B.1638 to MERC’s first Rochester project petition seeking Commission approval of its NGEP rider.
5. Ask the OAH to hold public hearings in Rochester and other locations in MERC’s service area.

Commissioner Wergin moved to amend Commissioner Lipschultz's motion to delete from the second item the words "and taking into account the constraints of the parties."

Commissioner Wergin's motion passed 4–1, with Chair Heydinger voting against the motion.

As amended, Commissioner Lipschultz's motion passed 5–0.

Commissioner Tuma moved to request that the OAH add the Destination Medical Center governing board, the City of Rochester, and the Mayo Medical Center to the Rochester Project Phase II service list, and to any future NGEP rider service lists, if not already represented, so that they may participate in developing Rochester project issues. MERC will provide contact information, if needed.

The motion passed 5–0.

G-011/GP-15-858

In the Matter of the Application of Minnesota Energy Resources Corporation for a Route Permit for the Rochester Natural Gas Pipeline Project in Olmsted County

Commissioner Lipschultz moved that the Commission:

1. Accept MERC's application, as amended, for a pipeline route permit under the full permitting process as complete.
2. Authorize the Department to begin preparation of a comparative environmental analysis for the project; to hold public information meetings; to collect and analyze all route alternative proposals; and to provide a summary, analysis and recommendation for the Commission's review and determination of routes to be considered at hearing.
3. Request that the Department issue the comparative environmental analysis in draft form for public comment and reply to substantive comments received as pre-filed testimony at least 14 days prior to the public hearing.
4. Refer the matter to the Office of Administrative Hearings for contested case proceedings.
5. Delegate administrative authority to the Executive Secretary.
6. Take the following steps set forth below:
 - a. Request that the Department continue to study issues and indicate, during the hearing process, its position on the reasonableness of granting a route permit.
 - b. Require MERC to facilitate, in every reasonable way, the continued examination of the issues raised by the Department and Commission staff.

- c. Require MERC to place a copy of the application (printed or electronic format) for review in at least one government center or public library in each county where the proposed pipeline is located.
 - d. Direct Commission staff to work with the administrative law judge and the EERA staff in selecting suitable locations for public hearings on the application.
 - e. Direct MERC to work with Commission staff to arrange for publication of the notice of hearings in newspapers of general circulation at least ten days prior to the hearing, and request that such notice be in the form of visible display ads and that proof of publication of such ads be obtained from the newspapers selected.
7. Authorize the Department to administer the route development process and the development of the comparative environmental analysis.
 8. Vary the time period in Minn. R. 7852.1400, subp. 3, to extend the 70-day time limit for the Commission to determine the route alternatives.
 9. Vary the time period in Minn. R. 7852.1400, subp. 4, to extend the 10-day time limit for the Commission to determine the route alternatives to be considered at hearing.
 10. Approve the Department's proposed project-review budget of \$100,000.00.
 11. Take no action on an advisory task force at this time.

The motion passed 5-0.

ET-6/TL-14-665

In the Matter of the Application of Minnkota Power Cooperative, Inc. for a Route Permit for the Clearbrook-Clearbrook West 115 kV Transmission Line and Substation Project in Clearwater County

Commissioner Wergin moved that the Commission:

1. Accept the route permit application as complete and authorize review under the alternative permitting process as set forth in Minn. Stat. § 216E.04 and Minn. R. 7850.2800 to 7850.3900.
2. Designate Tracy Smetana of Commission staff to serve as the public advisor.
3. Direct use of the summary report review process to develop the record for the route permit and request that the Office of Administrative Hearings prepare a summary report of the comments received regarding the route permit application.
4. Take the actions set forth below:

- a. Grant a variance to Minn. R. 7850.3700, subp. 3, to vary the ten-day time limit for the Department to issue its scoping decision to allow for Commission review and input on route alternatives.
 - b. Request EERA to present draft route alternatives to the Commission for input prior to the issuance of the final scoping decision by the EERA.
 - c. Delegate administrative authority to the Executive Secretary, including the authority to establish or vary time periods under Minn. R. 7829.3100.
 - d. Direct staff to formally contact relevant state agencies to request their participation in the development of the record and public hearings under Minn. Stat. § 216E.10, subd. 3, and request that state agencies submit comments prior to the last day of the public hearing.
 - e. Direct staff to work with the Administrative Law Judge and the Department staff in selecting a suitable location for public hearings on the application.
 - f. Direct Commission staff to enter a route permit template and proposed process schedule into the record following this decision.
 - g. Direct the applicant to work with Commission staff to arrange for publication of the notice of hearing in newspapers of general circulation at least ten days prior to the hearing. Notice should be in the form of visible display ads and proof of publication should be e-filed.
 - h. Require the applicant to place a printed and electronic copy of the application and any supplements in at least one government center or public library in each city where the proposed project is located.
5. Take no action on an advisory task force at this time.

The motion passed 3-2, with Chair Heydinger and Commissioner Lange voting against the motion.

E-015/TL-14-977

In the Matter of the Application of Minnesota Power for a Route Permit for the 16 Line Reroute Project in St. Louis County

Commissioner Lipschultz moved to take the following actions:

1. Determine that the environmental assessment and the record created at the public hearing addresses the issues identified in the environmental assessment scoping decision.

2. Approve and adopt the ALJs Findings of Fact, Conclusions of Law, and Recommendation for 16 Line High Voltage Transmission Line Reroute Project in St. Louis County.
3. Issue a high-voltage transmission line route permit to Minnesota Power for the 16 Line High Voltage Transmission Line Reroute Project identifying a specific route and permit conditions for the Project.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: February 17, 2016

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