

The Commission met on **Thursday, May 17, 2018**, with Vice Chair Lipschultz, and Commissioners Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

G-011/M-17-587

G-011/M-17-588

In the Matter of the Petitions of Minnesota Energy Resources Corporation for Approval of a Change in Demand Entitlement for the Consolidated and Northern Natural Gas PGA Areas

Commissioner Tuma moved that the Commission

1. Approve MERC's peak-day analysis for the consolidated PGA area;
2. Approve MERC's 2017/2018 Demand Entitlement Petition's costs and entitlement levels, as modified by MERC in its November 1, 2017 Update, the January 8, 2018 letter regarding storage contracts, and the Department's Comments, Attachment 3, page 2;
3. Allow MERC to recover the associated demand costs through its monthly PGA effective November 1, 2017;
4. Approve MERC's peak-day analysis for the NNG PGA area;
5. Approve MERC's 2017/2018 Demand Entitlement Petition's costs and entitlement levels, as modified by MERC in its February 20, 2018 Reply Comments;
6. Allow MERC to recover associated demand costs through the monthly PGA effective November 1, 2017; and
7. Grant AMERC's request for advance approval of its ANR storage contract, effective April 1, 2018, in Docket No. 17-587.

The motion passed 4 – 0.

E-015/GR-16-664

In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota

E-015/D-17-118

In the Matter of Minnesota Power's 2017 Remaining Life Depreciation Petition

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 Lipschultz moved that the Commission:

Revise the March 12, 2018 order in Docket No. E-015/GR-16-664 as follows:

- a. Effective January 1, 2018, the approved depreciation accounting lives of Boswell 3, Boswell 4 and their common facilities shall be set to end in 2035 and the variance to Minn. Rules, part 7825.0500 regarding the relationship between an asset's depreciation life and operational life is terminated;
- b. Minnesota Power's revenue deficiency is reduced by an amount equal to the current period annual tax expense refund resulting from the 2017 federal Tax Cut and Jobs Act (currently calculated to be \$18.7 million);
- c. In lieu of a securitization plan, the Company shall continue to explore securitization and, within two years of the date of this order, file a report on securitization, informed by the input of stakeholders, including the OAG and the Clean Energy Organizations;
- d. The first paragraph under the heading "Commission Action" on page 89 is modified as follows:

The Commission concurs with the Company that the proposed tariff changes concerning standard service, non-contract service, the released energy rider, and expedited billing procedures are reasonable ~~and will approve them.~~ The Commission will approve them, with adjustments to the individual rate components as needed for consistency with the Commission's separate actions regarding the fuel clause adjustment base cost of energy and to enable the Company to recover the full revenue requirement allowed by the Commission for the Large Power rate class. The Commission is not, however, persuaded that the proposed LP-IPS Rider change is reasonable.
- e. With respect to ordering paragraphs 63 – 68, Minnesota Power is allowed to adjust individual rate components as needed to enable full recovery of the approved revenue requirement allowed by the Commission for the relevant customer classes.
- f. The dates for the filings referred to in Ordering Paragraphs 5, 72 and 88(d) of the March 12, 2018 Order will be calculated from the date of this order.

Require that the exact amount of the current period annual tax expense refund and the change in depreciation expense, effective January 1, 2018, be included in the Company's 30-day compliance filing under ordering paragraph 88 of the Commission's March 12, 2018 Order.

The motion passed 4–0.

IP-6961/WS-17-597

In the Matter of the Application of Nobles 2 Power Partners, LLC for a Site Permit for the up to 260 MW Nobles 2 Wind Project and Associated Facilities in Nobles County, Minnesota

Commissioner Sieben moved that the Commission:

1. Issue a draft site permit on the Nobles 2 Wind Farm Project as set forth in the preliminary draft site permit provided by EERA in its April 16, 2018 comments and recommendations.
2. Request that the EERA, at least 10 days prior to the public hearing for the project, provide as a supplemental filing an evaluation and description of the following:
 - a. MNDNR: Request to feather blades below the cut-in speed during certain periods to reduce potential bat fatalities (Section 7.5.4);
 - b. MNDNR: Request to modify the language contained in the Bird and Bat Conservation Strategy portion of the application (Section 7.5.1) including use of bird deterrent devices on meteorological tower guy wires;
 - c. MNDNR: Request to include identification of Wildlife Management Area;
 - d. MNDNR: Request to increase the wind access buffer set back an additional 200 feet from the edge of WMA boundaries to accommodate future repowering;
 - e. MNDNR: Request to consider moving several turbines in order to lower the site risk to avian and bat species of the project from Moderate Risk to Low Risk;
 - f. MNDNR: Request to modify the Bird and Bat Conservation Strategy (BBCS) to require a minimum of two search days per week for fatality monitoring;
 - g. MNDNR: Advised that the agency would need to undertake additional review of the Great Blue Heron Rookery as part of its BBCS review;
 - h. MNDNR: Clarification on the ranking and avoidance of native prairies and large blocks of grassland habitat (Section 6.1.2);
 - i. MNDOT: Request coordination to avoid impacts to roads (Section 5.2.12);
 - j. MNDOT: Request permit requirement to require the applicant to obtain all other required permits (Section 5.5.2);
 - k. MPCA: Request that the noise analyses for the project identify and consider L10 and L900 values, along with dB(C) measurements and calculations because it is unclear if these data were collected or recorded;

- l. MPCA: Request that if noise modeling does not incorporate traffic noise as ambient background noise for modeling purposes, the results must be reviewed and possibly remodeled to reflect MPCA's Guidance methodologies;
- m. MPCA: Request to discuss whether any portion of the project will drain into listed impaired surface waters (Section 8.17);
- n. MPCA: Request to determine the amount of new impervious surfaces created by the project;
- o. MPCA: Request for a 50-foot natural buffer around wetlands, water courses, and other water sources within the project site unless the encroachment is unfeasible in which case redundant (double) down gradient sediment controls should be required to protect surface water resources;
- p. Public Comments: Focused on ensuring internet and broadband service is not disrupted, as well as avoiding cell phone disruption or "dead" zones; breaking or damaging drain tiles; impacts to native plant communities; potential changes to storm water run-off; potential limitations on farming operations; and potential health concerns from noise and shadow flicker. Concerns were also expressed over blinking turbine warning lights; especially possibilities for substituting radar-controlled lighting. There was also a request that the Commission require use of aircraft-detection lighting systems – the DOC EERA noted Section 6.1 requires the project to comply with current Federal Aviation Administration (FAA) Advisory Circular AC 70 7460-IL CHG 1 Chapter 14 which outlines the requirements for aircraft detection lighting; and
- q. Consideration of hiring local workforce for the proposed project.

The motion passed 4-0.

IP-6984/WS-17-749

In the Matter of the Application of Flying Cow Wind, LLC for a Site Permit for the up to 152 MW Bitter Root Wind Project and Associated Facilities in Yellow Medicine County

Commissioner Sieben moved that the Commission:

1. Issue the draft site permit proposed by the Department of Commerce.
2. Authorize Commission staff to modify the draft site permit to correct typographic and formatting errors, improve consistency, and ensure agreement with the Commission's final order in the matter.

The motion passed 4-0.

E-999/M-17-377

In the Matter of the 2017 Biennial Transmission Projects Report

Commissioner Schuerger moved that the Commission

1. Accept the 2017 Projects Report;
2. Encourage the Department to collect information on mitigation costs in future certificate of need applications for energy projects, including transmission projects;
3. Extend the variance to the public participation requirements of Minn. Rule 7848.0900 and decline to require a webinar;
4. Require MTOS to file the 2019 Report with content similar to 2017 Report, and include an improved and expanded assessment of non-wire alternatives in discussion of related relevant actions by FERC, MISO, and the Commission related to DERs and distribution planning; and
5. Require MTO to include in the 2019 Report the requirements addressed in Minn. Stat. 216B.2425, subd. 2.

The motion passed 4-0.

IP-6985/TL-17-701

In the Matter of the Blazing Star Wind Farm 2, LLC for a 115-kilovolt High Voltage Transmission Line in Lincoln County, Minnesota

Commissioner Tuma moved that the Commission:

1. Accept the route permit application as complete.
2. Direct use of the Summary process to develop the record for the route permit and requested that the Office of Administrative Hearings compile a summary report of the comments received regarding the route permit application.
3. Varied the time period of Minn. R. 7850.3700, subp. 3, finding: Under Minn. R. 7829.3200, enforcement of the rule would impose an excessive burden on those affected by the rule by limiting the Commission's input on and consideration of other route alternatives prior to environmental review of the proposed project. Further, granting the variance would not adversely affect the public interest, and would, in fact, serve the public interest by enabling a more comprehensive evaluation of public comment at the outset of the review process. And finally, granting the variance would

not conflict with standards imposed by law, since the time frame is set by rule and not by statute.

4. Delegated administrative authority to the Executive Secretary (including the varying of timelines), and:
 - a. Designated Charley Bruce as the Public Advisor for the project to facilitate citizen participation in the process;
 - b. Requested DOC EERA to continue studying issues and indicate during the hearing process its position on the reasonableness of issuing a route permit;
 - c. Required the applicant to facilitate in every reasonable way the continued examination of the issues by the DOC EERA and Commission staff;
 - d. Required the applicant to place a copy of the application (printed or electronic) for review in at least one government center or public library in each county where the proposed transmission line would be located;
 - e. Directed Commission staff to work with the ALJ and the DOC EERA in selecting a suitable location for the public hearings;
 - f. Directed the applicant 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 hearings, that such notice be in the form of visible display ads, and that proof of publication be obtained from the newspapers selected.
5. Requested that the DOC EERA present comments on the scope of the Environmental Assessment to the Commission for its input prior to the issuance of the final scoping decision by the Department.
6. Directed staff to formally contact relevant state agencies to request their participation in the development of the route permit record and public hearings under Minn. Stat. § 216E,10, subd. 3, and request state agencies to submit comments prior to the last day of the public hearing.

The motion passed 4-0.

ET-665/WS-08-573

In the Matter of the Site Permit Issued to the Wisconsin Power and Light Company for the Bent Tree Project in Freeborn County

Commissioner Tuma moved that the Commission:

1. The prior and current Langrud and Hagen complaints are deemed resolved under the terms of Wisconsin Power and Light's Site Permit for the Bent Tree Wind Project Phase I Project. At the request of the settling parties, the complainants' February 20, 2018 Motion and complaints in this matter are dismissed;

2. (a) The required curtailment of turbines T132 and T397 based on the DNV-GL Phase 1 and 2 Sound Reports shall terminate on the date on which the Hagen's transfer of possession of the Hagen's Property to WPL;
- (b) The required curtailment of turbines T362 based on the DNV-GL Phase 1 and 2 Sound Reports shall terminate on the date on which the Langrud's transfer of possession of the Langrud's Property to WPL;
3. WPL will file with the Commission within 30 days of the transfer of possession of each property a compliance filing indicating the commencement of operations of the turbines associated with that property.
4. The Commission will not require any further sound monitoring at any location pertaining to Bent Tree on the basis of the DNV-GL Phase 1 or Phase 2 monitoring reports; and
5. Upon the sale of either the Langrud or Hagen property, WPL shall file with the Commission notification of the sale and indicate whether the properties will be used as residences. If the properties are intended to be used as a residence after sale or upon lease, the permittee shall file with the Commission:
 - (a) Notification of the sale or lease;
 - (b) Documentation of present compliance with noise standards of turbines T132, T397, and T362;
 - (c) Documentation of any written notice to the potential residence of past noise studies alleging noise standard exceedances, and if applicable, alleged present noise standard exceedances related to the property; and
 - (d) Any mitigation plans or other relevant information.

The motion passed 4-0.

IP-6907/WS-13-258

In the Matter of the Site Permit of the Trimont Wind I Project in Martin and Jackson Counties

Commissioner Lipschultz moved that the Commission:

1. Issue the amended site permit as modified;

2. Require that, within 60 days of the date of the order and at least 60 days prior to construction, the Applicant file documentation showing compliance with the applicable portions of Section 7.4 of the amended site permit, including the identification of any mitigation options to ensure compliance with the MPCA noise standard;
3. Delegate authority to the Executive Secretary to implement noise monitoring using an independent third party to be recommended by the Applicant and approved by the Executive Secretary. The independent third party shall report directly to and shall file the monitoring results with the Department of Commerce, Energy Environmental Review and Analysis and Commission staff;
4. Require the Applicant to utilize a qualified third party to conduct one full year of avian and bat fatality monitoring following commercial operation of the repowering. Monitoring activities and results will be coordinated directly with Minnesota Department of Natural Resources, the Department of Commerce, Energy Environmental Review and Analysis, U.S. Fish and Wildlife Service, and the Commission. The Project's Avian and Bat Protection Plan shall include detailed monitoring protocols, agency coordination, and any avoidance and minimization measures; and
5. Authorize Commission staff to make further administrative modifications to the permit as necessary to ensure consistency with the record in this case and recently issued permits.

The motion passed 4-0.

IP-6908/WS-13-294

In the Matter of the Large Wind Energy Conversion System Site Permit for the 107.25 Megawatt Lake Benton Wind Facility in Lincoln County, Minnesota

Commissioner Sieben moved that the Commission:

1. Issue the amended site permit as modified;
2. Require the Applicant to utilize a qualified third party to conduct one full year of avian and bat fatality monitoring following commercial operation of the repowering. Monitoring activities and results will be coordinated directly with the Department of Natural Resources, Department of Commerce Energy Environmental Review and Analysis, U.S. Fish and Wildlife Service, and the Commission. Lake Benton's Avian and Bat Protection Plan shall include detailed monitoring protocols, agency coordination, and any avoidance and minimization measures; and

3. Authorize Commission staff to make further refinements to the permit conditions as necessary to ensure consistency with the record, the language of recently issued permits, and the Commission's decision in this matter.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: July 25, 2018

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