

The Commission met on **Thursday, April 21, 2016**, with Chair Heydinger, and Commissioners Lange, Lipschultz, Tuma, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

**In the Matter of the Certificate of Need for the Flat Hill Windpark 1 Project in Clay County
Docket No. IP-6687/CN-08-951**

**In the Matter of the Large Wind Energy Conversion Site Permit for the Flat Hill
Windpark 1 Project in Clay County
Docket No. IP-6687/WS-08-1134**

Commissioner Tuma moved to take the following actions:

1. Approve the Petition for an extension to the in-service date to December 2017 without recertification;
2. Grant the following amendments to the site permit proposed by EERA and further modified by staff:
 - A. Include the 2010 Permit requirement to setback 1,200 feet from non-participating landowners;
 - B. Require that Flat Hill distribute the amended permit to landowners as per Special Condition 13.1 of the 2013 Amended permit;
 - C. Change references to “Department of Commerce State Permit Manager” in Sections 5.6 and 5.7 of the Permit to “Department of Commerce Environmental Review Manager;”
 - D. Replace the language on permit transfer in Section 11.5 of the Permit with the more precise language below:

11.5 Transfer of Permit and Notice of Ownership

The Permittee may not transfer this permit without the approval of the Commission. If the Permittee desires to transfer this permit, the holder shall advise the Commission in writing of such desire. The Permittee shall provide the Commission with such information about the transfer as the Commission requires in order to reach a decision. The Commission may impose additional conditions on any new Permittee as part of the approval of the transfer.

Within 20 days after the date of the notice provided in Section 8.4, the Permittee shall file a notice describing its ownership structure, identifying, as applicable:

- a) the owner(s) of the financial and governance interests of the Permittee;
- b) the owner(s) of the majority financial and governance interests of the Permittee's owners; and
- c) the Permittee's ultimate parent entity (meaning the entity which is not controlled by any other entity).

E. Authorize Flat Hill's proposed changes in its supplemental petition to Section 1 and 4.9 of the revised Site Permit, as set forth below:

Section 1 Project Description

The up to 201 MW LWECs authorized to be constructed in this Permit will be owned and operated by Flat Hill Wind Park I, LLC. The Project will consist of ~~134~~ 67 wind turbine generators each ~~1.5 MW~~ 3.0 MW in capacity with a combined nominal nameplate capacity of no more than 201 MW . . .

Section 4.9 Wind Turbine Towers

Structures for wind turbines shall be self-supporting tubular towers. The towers will be up to ~~328 feet~~ 120 meters [393.7 feet] above grade measure to hub height.

- 3. The Site Permit will be extended to, and expire, August 27, 2017, unless a power purchase agreement or other legally enforceable mechanism is in place by that date, and construction has started on the related transmission line.
- 4. Neither Flat Hill Windpark 1, LLC, nor any successor in interest, may seek further extensions for either the Certificate of Need or Site Permit. If either the Certificate of Need or Site Permit expires, a new application must be filed.
- 5. Require Flat Hill, in the explanatory letter to landowners as required by permit condition 13.1, to include information on the condensed turbine footprint and to refer landowners to the new project map which shall be attached.

Existing Permit Condition 13.1 Amended Permit Distribution Requirement: Within thirty (30) days of the issuance of any permit amendment the Permittee shall send an explanatory letter to each landowner within the Project Boundary. The explanatory letter shall accompany the copy of the site permit required to be provided to landowners under Section 5.2 of this permit and shall summarize changes from previously issued permits for this Project. The Permittee shall have the letter approved by Commission staff before sending.

- 6. Require Flat Hills to condense and adjust the final boundaries of the site required for the amended project and file those boundaries with the Commission and the Department, in a time frame set out in the Permit. Flat Hill shall notify landowners, both within the final boundaries and the original application boundaries, of the final boundaries within 30-days of the filing after completion, modifying existing condition 8.2 of the Permit:

Existing Permit Condition 8.2 Final Boundaries: After completion of construction, the Commission shall determine the need to adjust the final boundaries of the site required for this Project. If done, this Permit may be modified, after notice and opportunity for public hearing, to represent the actual site required by the Permittee to operate the Project authorized by this permit.

7. Within 30 days of the order in this matter, Flat Hill shall set up a meeting with the local County Board and notify affected township boards and Clay County Board of the status of the project and provide them with copies of the new site permit.

The motion passed 5-0.

IP-6961/CN-16-215

In the Matter of the Application of Blazing Star Wind Farm, LLC for a Certificate of Need for the 200 Megawatt Blazing Star Wind Project in Lincoln County

Commissioner Lipschultz moved to take the following actions:

1. Grant the exemptions requested by Blazing Star in its March 8, 2016 filing on the condition that Blazing Star include in its application the relevant information required by Minn. R. 7849.0270 and 7849.0280, and/or seek an exemption from the certificate of need requirements should it enter into a power purchase agreement or similar arrangement with a Minnesota utility prior to submitting its application, as recommended by the Department; and
2. Vary the 30-day requirement of Minn. R. 7849.0200, subp. 6.

The motion passed 5-0.

P-6968/M-15-1051

In the Matter of the Leech Lake Telecommunications Company Request to Defer Designation as an Eligible Telecommunications Carrier to the Federal Communications Commission

Commissioner Tuma moved to close the docket and direct the Executive Secretary to alert the FCC of the Commission action.

The motion passed 5-0.

G-002/M-16-88

In the Matter of a Petition Submitted by Northern States Power Company Requesting Approval of an Extension of Variances to Minnesota Rules to Allow Xcel to Recover the Costs of Financial Instruments Through the Purchased Gas Adjustment Clause

Commissioner Heydinger moved to take the following actions

1. Extend the variance to Minnesota Rules 7825.2400, 7825.2500, and 7825.2700, originally granted in Docket No. G002/M-01-1336, until June 30, 2020;
2. Allow the variance to apply to the costs and benefits of prudent financial positions that Xcel enters into through June 30, 2020;
3. Allow Xcel to hedge no more than 50 percent of its annual winter requirements and no more than 24.5 percent with financial hedging instruments;
4. Limit the prudently incurred cost of financial hedging instruments that Xcel may recover through the PGA to the amount per fiscal year requested by Xcel;
5. Require Xcel to provide the actual final (settled) cost of financial instruments in required reports and to use the actual settled cost to determine the gain or loss on financial instruments; and
6. Require Xcel to:
 - A. Separately identify, in its monthly PGA filings, the amount of anticipated financial instrument costs and/or benefits included in the calculation of the PGA rate.
 - B. Include, in its requests for approval of changes in demand entitlements submitted on approximately August 1 of each year, a list of all financial instrument arrangements entered into for the upcoming heating season, including the cost premium associated with each contract, the size of each contract, contract date, contract price, and an explanation of the anticipated benefits of these contracts to Xcel's ratepayers.
 - C. Include data on the relative benefits of price hedging contracts, specifically the average cost per Dth for natural gas purchased under financial instruments compared to the comparable monthly and daily spot index prices, in its annual AAA reports due on September 1 of each year as well as:
 - a list of each hedging instrument entered into;
 - the total volumes contracted for, for each instrument; and the net gain or loss, including all transaction costs for each instrument in comparison to the appropriate monthly and daily spot prices.

The motion passed 5-0.

G-011/M-15-722

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-Consolidated) for Approval of Changes in Contract Demand Entitlements for the 2015-2016 Heating Season Supply Plan effective November 1, 2015

G011/M-15-723

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-Northern Natural Gas (MERC-NNG)) for Approval of Changes in Contract Demand Entitlements for the 2015-2016 Heating Season Supply Plan effective November 1, 2015

G-011/M-15-724

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-Albert Lea) for Approval of Changes in Contract Demand Entitlements for the 2015-2016 Heating Season Supply Plan effective November 1, 2015

Commissioner Lange moved to take the following actions:

Docket No. G-011/M-15-722 (MERC Consolidated)

1. Accept MERC-Consolidated's peak-day analysis;
2. Approve MERC-Consolidated's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2015.

Docket No. G-011/M-15-723 (MERC-PNG)

3. Accept MERC-NNG's peak-day analysis;
4. Approve MERC-NNG's level of demand entitlements including NNG's annual reallocation of units between TF 12-month Base and TF 12-month Variable services; and
5. Approve staff's adjusted demand entitlement costs of \$40,737,656 as opposed to MERC's calculated \$39,554,445 demand entitlement costs, effective November 1, 2015.

G-011/zm-15-724 (MERC-NNG-Albert Lea)

6. Accept MERC-NNG-Albert Lea's peak-day analysis with the following caveat: Require NERC to fully justify its selection of the Rochester weather station as opposed to Albert Lea in its Design Day calculation in its next NNG-Albert Lea demand entitlement petition; and
7. Approve MERC-NNG-Albert Lea's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2015.

Requirements for All Dockets

8. Require MERC to explain changes made in its compliance petitions that are different from its original petitions, and provide a red-line version of both petitions identifying changes.
9. Require MERC to separate its summer and winter demand entitlements as reflected in Attachment 4 of its petitions, rather than combining the data as reflected on Attachment 3 of its petitions.
10. Require MERC to verify its regression analysis results in future demand entitlement filings to ensure the results are consistent with the underlying theory the analysis attempts to explain. Require MERC to verify this docket's regression analysis results in a compliance filing within 30 days of the order.
11. If the Commission approves MERC's general rate case proposal to consolidate its MERC-NNG and MERC-Albert Lea PGA areas into one PGA area, direct MERC to work with the Department in developing an appropriate Design Day regression analysis methodology for its subsequent demand entitlement petitions until MERC has three years daily interruptible data available for all its interruptible customers for the consolidated NNG PGA area.
12. Require MERC to explain the reasons that its Demand Day requirements increased over its last 2014-2015 demand entitlements petition for its MERC-Consolidated (Centra Pipeline) and MERC-Albert Lea PGA in a compliance filing within 30 days of the order.
13. Request the Department to review and confirm how the other Minnesota natural gas utilities use metered daily interruptible data in the development of their Design Day requirements and provide a discussion explaining its conclusions. This review should determine if similar interruptible service tariff language requiring telemetering is already in each natural gas utilities' tariff for interruptible and transportation service and, if so, whether data from telemetering is being used effectively, and, if not, should a telemetering requirement be incorporated into their tariffs, and this data be used to possibly reduce costs

The motion passed 5-0.

E-002/M-13-867

In the Matter of Xcel Energy’s Petition for Approval of Its Proposed Community Solar Garden Program

Commissioner Tuma moved to take the following actions:

1. Insofar as there has been confusion under Xcel’s Community Solar Gardens (CSG) tariff with respect to whether a solar generation facility is “in the service territory of the public utility” if a portion of the facility crosses Xcel’s service territory line into a neighboring utility’s service territory, the Commission believes it’s in the public interest to clarify when a solar generation facility is in Xcel service territory, and establish a process to resolve any disputes between solar developers, Xcel and a neighboring utility on this issue. Pursuant to Minnesota Statute section 216B.1641 and the record in this docket, the Commission finds that if agreement cannot be reached by Xcel and a neighboring utility to re-define their service territory boundary to avoid the extension of an Xcel solar generation facility into the other utility’s service territory, such extension is allowed if the solar generation facility:
 - has its single point of common coupling (PCC) in Xcel’s service territory;
 - all of the facility’s electrical lines emanating to the PCC from the parcels upon which the facility is located do not cross another utilities service area;
 - at least 50% of the facility’s solar panels are located on contiguous parcels within Xcel’s service territory; and
 - has a footprint that does not cross an existing utility right of way of the neighboring utility or any public right of way located wholly or in part in the neighboring utility’s service area.
2. Disputes as to whether a particular application is within the parameters of this definition is a matter that should be submitted to the engineer selected by DOC to be resolved through that process.
3. SolarStone’s petition is dismissed without prejudice based on understanding it will seek to reach a settlement with Xcel in accordance with the above parameters while maintaining the right to seek a determination from a CSG engineer through DOC.

The motion failed 1–4. Commissioners Heydinger, Lange, Lipschultz, and Schuerger voted against the motion.

Commissioner Lipschultz moved to take the following actions:

1. Deny SolarStone's request. Find that there is no need to clarify the September 17, 2014 order. Find that Minn. Stat. § 216B.1641(c) requires that to be eligible for Xcel's CSG program the entirety of the solar generating facility is required to be located within the service territory of the public utility filing the CSG plan.
2. Within 30 days of the order in this matter, require Xcel to review and update for consistency with this order all tariff pages associated with its CSG program and file any necessary revisions with the Commission. If no objections to the revisions are filed within 20 days, the proposed revisions will become effective.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: May 11, 2016



Daniel P. Wolf, Executive Secretary