

December 8, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Addendum to Comments of the Minnesota Department of Commerce, Division of
Energy Resources**
Docket No. E002/M-15-330

Dear Mr. Wolf:

On December 4, 2015, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments regarding the Petition of Northern States Power Company for Approval of Cost Recovery of the North Dakota Share of the Costs of the Aurora Solar Power Purchase Agreement.

Attached to those comments was a document from a proceeding in North Dakota. Attached to this letter is the correct document, the Order from the North Dakota Public Service Commission denying an advanced determination of prudence for the Aurora facility. The document attached to the December 4, 2015 comments was the August 28, 2015 testimony by advocacy staff of the North Dakota Public Service Commission in North Dakota Case No. PU-15-96, recommending denial of costs of the natural gas-fired combined cycle unit to be developed by Mankato Energy Center II, LLC (Calpine Mankato). Thus, as the Minnesota Public Utilities Commission (Commission) is aware, Aurora is not the only project facing funding concerns.

Any decision made by the North Dakota Public Service Commission to deny Xcel recovery of the North Dakota portion of the Aurora PPA does not dictate the Minnesota Commission's decision. What matters in this proceeding is whether Xcel has met its burden of proof to support its Proposal. Since Xcel has not supported its proposal to require Minnesota ratepayers to contribute more than their jurisdictional portion of the costs of the Aurora PPA, the Department continues to recommend that the Minnesota Commission deny the Petition.

Sincerely,

/s/ STEVE RAKOW
Rates Analyst

SR/lt
Attachment

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
Advance Prudence – 100 MW Aurora Solar, LLC
Application**

Case No. PU-15-95

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

September 16, 2015

Appearances

Commissioners Julie Fedorchak, Randy Christmann, and Brian P. Kalk

Zeviel T. Simpser, Briggs and Morgan, P.A., 2200 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402-2157, and Alison C. Archer, Xcel Energy, 414 Nicollet Mall, 5th Floor, Minneapolis, MN 55401-1993, on behalf of Northern States Power Company.

John M. Schuh, Public Service Commission, State Capitol, 600 E. Boulevard Ave., Bismarck, North Dakota 58505, on behalf of the Public Service Commission Advocacy Staff.

Illona Jeffcoat-Sacco, General Counsel, Public Service Commission, State Capitol, 600 E. Boulevard Ave., Bismarck, North Dakota 58505, on behalf of the Public Service Commission.

Patrick J. Ward, Administrative Law Judge, Zuger Kirmis & Smith, P.O. Box 1695, Bismarck, ND 58502-1695.

Preliminary Statement

On February 13, 2015, Northern States Power Company (NSP), dba Xcel Energy, filed an application with the North Dakota Public Service Commission (Commission) seeking an advance determination of prudence (ADP) under North Dakota Century Code (N.D.C.C.) section 49-05-16 for up to 100 MW of solar generation to be added to the NSP system through a 20-year power purchase agreement (PPA) with Aurora Distributed Solar, LLC, an affiliate of Geronimo Energy, LLC (Geronimo Solar PPA). The capacity and energy to be acquired under the Geronimo Solar PPA would be provided by distributed solar generation facilities to be located at up to 24 sites in Minnesota that would interconnect to various Xcel Energy distribution substations.

On May 27, 2015, the Commission issued a Notice of Hearing, scheduling a public hearing to begin at 8:30 a.m. on July 21, 2015 in the Commission Hearing Room, 12th floor, State Capitol, Bismarck, North Dakota. The notice identified the issue to be

considered as whether NSP's solar power purchase agreement should receive an advance determination of prudence from the Commission.

On July 21st, 2015 the public hearing was held as scheduled.

Having allowed all interested persons an opportunity to be heard and having heard and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. NSP is an investor-owned electric utility headquartered in Minneapolis, Minnesota authorized to provide public utility service in North Dakota under the regulatory jurisdiction of the Commission.
2. In NSP Electric Rate Increase Application, Case No PU-07-776, NSP agreed to file an application for an advance determination of prudence for any proposed resource addition larger than 50 MW. In NSP Advance Prudence – Geronimo Wind Application, Case No. PU-12-59, NSP agreed to file all advance determination of prudence applications in a timely manner. In NSP's most recent general electric rate application, Case No. PU-12-813, NSP agreed to obtain an advance determination of prudence for power purchase agreements greater than 50 MW before recovering the costs of associated energy through its Fuel Cost Rider (FCR).
3. The proposed Geronimo Solar PPA was selected through the Minnesota Competitive Acquisition Process (CAP) Docket. Both North Dakota and Minnesota require pre-approval for resource additions to the NSP System.
4. NSP evaluated the resource options in Minnesota's CAP docket, which utilizes externality values required under Minnesota's resource evaluation process. The Geronimo Solar PPA was selected under the CAP process in combination with Black Dog Unit 6 and Calpine Project PPA.
5. The proposed Geronimo Solar PPA is comprised of up to 100 MW of nameplate capacity from distributed solar facilities, ranging in size from 2 MW to 10 MW and located at up to 24 sites in Minnesota that interconnect to various Xcel Energy distribution substations.
6. NSP's modeling indicates that the 100 MW Geronimo Solar PPA will increase NSP's overall system-wide cost of energy by \$62 million present value over the lives of the projects.
7. NSP previously proposed a 187 MW Solar Portfolio (PSC Case No. PU-14-810) with a total added system-wide cost of \$14 million present value. The Commission determined in that case that NSP did not show the 187 MW Solar Portfolio to be prudent.

8. NSP testified that the federal 30 percent income tax credit is a significant incentive to developers, resulting in attractive pricing for solar at this time.
9. NSP's ADP application states that the Geronimo Solar PPA will help meet an identified need of 150-500 MW in the 2017-2019 time period that was identified in its 2010 Resource Plan, and supports its long-term solar energy commitments as described in its January 5, 2015 Resource Plan filing in Case No. PU-15-19.
10. NSP testified that the capacity benefits of the project, as well as the ability to meet Minnesota's solar energy goals and NSP's goal to significantly reduce carbon dioxide and other fossil fuel emissions, makes the Geronimo Solar PPA an appropriate acquisition at this time. NSP also testified that Minnesota's renewable and solar requirements are higher than the other states it serves.
11. NSP testified that, when viewed under the totality of the circumstances, the Geronimo Solar PPA is a prudent resource addition.
12. Based on review of NSP's application and assumptions, inputs, and analysis, Advocacy Staff testified that the Geronimo Solar PPA is inconsistent with least-cost planning.
13. Advocacy Staff testified that the Geronimo Solar PPA was undertaken by NSP in response to the Minnesota solar energy standard and environmental regulations and is not a cost-effective resource addition.
14. Advocacy Staff testified that if NSP needs additional energy resources, then lower cost energy resource additions are available to NSP, including alternatives that provide a hedge against future environmental regulations and natural gas prices.
15. Advocacy Staff compared NSP's most recent load and generating capacity forecasts, and testified that NSP expects to have sufficient generating capability to meet its reserve margin obligations through 2023 without the proposed Geronimo Solar PPA addition. This conclusion is supported by NSP's testimony.
16. Advocacy Staff testified that the capacity to be provided by the resource addition is in excess of what is necessary to ensure reliability and meet customer load, and therefore the Geronimo Solar PPA will cause increased costs to North Dakota customers without corresponding benefits.
17. Given that NSP entertains the Geronimo Solar PPA to meet Minnesota requirements, and it is not a least-cost project, Advocacy staff recommended the costs and benefits of the Geronimo Solar PPA should not be allocated to the North Dakota jurisdiction.
18. Advocacy Staff testified that the Geronimo Solar PPA is not a prudent resource addition.
19. The Commission finds NSP has not shown the Geronimo Solar PPA to be a prudent resource addition. Therefore, the Commission declines to grant an advanced determination that NSP's Geronimo Solar PPA is prudent.

From the foregoing Findings of Fact, the Commission makes the following:

Conclusions of Law

1. The Commission has jurisdiction in this matter.
2. NSP has not shown that the Geronimo Solar PPA merits an advance determination of prudence under N.D.C.C. § 49-05-16.

From the foregoing Findings of Fact and Conclusions of Law, the Commission makes its:

Order

The Commission orders:

1. NSP's application for an advance determination of prudence for the Geronimo Solar PPA is denied.
2. NSP shall not recover costs associated with the Geronimo Solar PPA through its North Dakota Fuel Cost Rider without specific approval from the Commission.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Julie Fedorchak
Chairman


Brian P. Kalk
Commissioner

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Addendum to Comments**

Docket No. E002/M-15-330

Dated this 8th day of December 2015

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_15-330_M-15-330
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_15-330_M-15-330
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson Byron	200 S 6th St Ste 4000 Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_15-330_M-15-330
Leigh	Currie	lcurrie@mncenter.org	Minnesota Center for Environmental Advocacy	26 E. Exchange St., Suite 206 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_15-330_M-15-330
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_15-330_M-15-330
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-330_M-15-330
Betsy	Engelking	betsy@geronimoenergy.com	Geronimo Energy	7650 Edinborough Way Suite 725 Edina, MN 55435	Electronic Service	No	OFF_SL_15-330_M-15-330
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_15-330_M-15-330
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_15-330_M-15-330
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	OFF_SL_15-330_M-15-330
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South Burnsville, MN 55337	Electronic Service	No	OFF_SL_15-330_M-15-330
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_15-330_M-15-330
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
Holly	Lahd	lahd@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 220 St. Paul, MN 55102	Electronic Service	No	OFF_SL_15-330_M-15-330
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_15-330_M-15-330
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_15-330_M-15-330

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_15-330_M-15-330
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
David W.	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	Suite 300 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	OFF_SL_15-330_M-15-330
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-330_M-15-330
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	OFF_SL_15-330_M-15-330
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_15-330_M-15-330
Byron E.	Starns	byron.starns@stinson.com	Stinson Leonard Street LLP	150 South 5th Street Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330
Michael I	Storch	mike.storch@enel.com	Enel North America, Inc.	1 Tech Drive North Andover, MA 01810	Electronic Service	No	OFF_SL_15-330_M-15-330
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-330_M-15-330
SaGonna	Thompson	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_15-330_M-15-330
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_15-330_M-15-330
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_15-330_M-15-330
Daniel A	Yarano	d yarano@fredlaw.com	Fredrikson & Byron PA	200 S 6th St Ste 4000 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-330_M-15-330