

The Commission met on **Tuesday, December 6, 2022**, with Chair Sieben and Commissioners Means, Schuerger, Sullivan, and Tuma present.

The following matters were taken up by the Commission:

E-002/GR-21-630

In the Matter of the Application of Northern States Power Company, dba Xcel Energy, for Authority to Increase Rates for Electric Service in the State of Minnesota

Commissioner Tuma moved that the Commission do the following:

1. Approve Xcel Energy's request to credit excess revenues from the 2023/2024 Planning Resource Auction of the Midcontinent Independent System Operator, Inc. (MISO), as an offset to its 2023 revenue requirement in its ongoing Multi-Year Rate Plan (MYRP), based on the assumption that the results of the 2023/2024 auction will be consistent with the 2022/2023 MISO Planning Resource Auction. Further approve Xcel Energy's request for a tracker and annual true-up mechanism, to be developed in its ongoing MYRP, to account for future variances in Planning Resource Auction revenues compared to amounts credited to customers in base rates.
2. Accept Xcel Energy's withdrawal of second interim rate increase request.

The motion passed 5–0.

Commissioner Sullivan left the meeting.

G-011/GR-22-504

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota

Chair Sieben moved that the Commission do the following:

1. Accept the filing of Minnesota Energy Resources Corporation (MERC or the Company) as being in proper form and substantially complete as of November 1, 2022.
2. Find the Commission has insufficient time to make a final determination within a 10-month period because of the need to make final determinations in other pending cases involving changes in general rates. Find that the rates in this case should be suspended for an additional ninety (90) days, until November 30, 2023.

3. Request the report of the administrative law judge (ALJ) on or before September 1, 2023. If the deadline for the Commission's decision is extended beyond ten months plus ninety days at any point during this proceeding for any reason (e.g., settlement discussions, waiver, etc.), request the ALJ's report at least three months before the extended deadline for the Commission's decision.
4. Identify the following issues as requiring development of a complete record in this case:
 - a. Determine if the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company.
 - b. Determine if the rate design proposed by the Company reasonable.
 - c. Determine if the Company's proposed capital structure and return on equity reasonable.
 - d. Determine whether the base cost of gas proposed in Docket No. G-011/MR-22-505, *In the Matter of the Application of Minnesota Energy Resources Corporation to Establish a New Base Cost of Gas and Reset the Purchased Gas Adjustment to Zero, to Coincide with the Implementation of Interim Rates in its General Rate Case Filing*, needs to be updated.
 - e. Develop a full record that includes reasons for the significant changes of the following costs since the last rate case:
 - Other Production Expense – 76.6 percent increase
 - Gas Supply Expense – 41.3 percent decrease
 - Gas Transmission Expense – 1,464.8 percent increase.
 - Gas Distribution Expense – 13.0 percent increase.
 - Customer Accounting Expense – 8.0 percent decrease.
 - Customer Service and Information Expense – 28.7 percent increase.
 - Administrative & General Expense – 8.3 percent increase.
5. Authorize MERC to implement interim rates for service rendered on and after December 31, 2022 (sixty days after MERC's November 1, 2022, filing date)
6. Authorize MERC to waive its right under the interim rate statute to put interim rates into effect on December 31, 2022, and authorize MERC to actually implement interim rates for service rendered on and after January 1, 2023.
7. Approve an annual interim rate revenue deficiency of \$36,973,887 million, or 9.08 percent
8. Approve MERC's proposed interim cost of capital for setting interim rates.

9. Approve MERC's request to collect the approved interim rate increase as a uniform percent interim rate adjustment to the base rate portion of customer bills, i.e., the basic service charge, the delivery charge, and the Demand Charge. Require MERC to display the interim rate increase on customer bills using a single, line-item interim rate adjustment.
10. Determine that exigent circumstances exist and approve MERC's request to forgo full collection of the interim rate increase from its Class 5 CIP Exempt, Electric Generation Class 2 CIP Exempt, and FLEX rate customers, increasing the customer charge and daily firm capacity charge for these customers, and to not seek recovery of the difference from its other customers.
11. In the Notice and Order for Hearing, require the following:
 - a. The Company shall mail copies of the Order to all municipalities, counties, and local governing bodies in its Minnesota service area.
 - b. Public Hearings shall be held in this matter at locations within the service area of the Company.
 - c. The Company shall give the following notices of the evidentiary and public hearings:
 - 1) Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.
 - 2) Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - 3) Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.
 - 4) The Company shall submit proposed notices for Commission approval prior to publication or service.
12. In the Order Setting Interim Rate —

- a. Order the Company to file with the Commission and the Minnesota Department of Commerce, Division of Energy Resources (Department), interim rate tariff sheets and supporting documentation reflecting the decisions herein. The Company's filing shall also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
 - b. Order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund shall be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
 - c. Order the Company to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, the Company shall certify this fact to the Commission.
 - d. Require MERC to maintain records of Conservation Improvement Program (CIP) costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.
13. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.

The motion passed 4–0.

G-011/MR-22-505

In the Matter of the Application of Minnesota Energy Resources Corporation to Establish a New Base Cost of Gas and Reset the Purchased Gas Adjustment to Zero, to Coincide with the Implementation of Interim Rates in its General Rate Case Filing

Chair Sieben moved that the Commission do the following:

1. Approve MERC's interim period base cost of gas (BCOG) as filed.
2. Order MERC to update its data as follows:
 - a. MERC shall provide updated base-cost-of-gas information reflecting changes in the demand cost caused by revised interstate pipeline contracts and changes in commodity costs caused by revised gas prices on the New York Mercantile Exchange.

- b. If any update reflects demand cost different from the demand entitlement levels set forth in the Demand Entitlement dockets, MERC shall provide a detailed explanation describing such differences.
 - c. MERC shall also incorporate into its final base cost of gas any updates stemming from Commission decisions related to the Company's Demand Entitlement dockets, Purchased Gas Adjustment dockets, or Rate Case.
 - d. When MERC files its updated information in this docket, it shall simultaneously file the information in its Rate Case—and include other cost impacts such as its storage balances, uncollectible accounts, and the lead/lag study calculations.
3. Order MERC to work with the Commission's staff and the Minnesota Department of Commerce, Division of Energy Resources, to determine the appropriate time to file the updated information described in Ordering Paragraph 2.
4. Order MERC, after the Commission's final order in the Rate Case, to make a 30-day compliance filing in that docket and include the final base cost of gas based on the sales forecast approved by the Commission in the Rate Case.
5. Order MERC, in its next base-cost-of-gas docket, to include an Excel spreadsheet supporting its petition, including calculations.

The motion passed 4–0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: March 8, 2023



Will Seuffert, Executive Secretary