

The Commission met on **Thursday, October 18, 2018**, and **Monday, October 29, 2018**, with Chair Lange and Commissioners Lipschultz, Schuerger, Sieben, and Tuma present.

The following matter was taken up by the Commission:

**E-015/AI-17-568**

**In the Matter of Minnesota Power's Petition for Approval of the EnergyForward Resource Package**

Commissioner Lipschultz moved to deny the request for a MEPA analysis.

The motion passed 5–0.

Commissioner Lipschultz moved to take the following actions:

1. Adopt the ALJ Report's findings and conclusions as modified by the Department of Commerce in its July 23, 2018 exceptions (and the corrections to those exceptions) and as necessary to be consistent with the Commission's decision.
2. Determine that Minnesota Power's 250 MW NTEC purchase, as proposed, is needed and reasonable based on all relevant factors identified by the Commission in its Order for Hearing and by the Administrative Law Judge in her Second Prehearing Order.
3. Determine that Minnesota Power has met the renewable resource requirements set forth in Minn. Stat. §§ 216B.2422 and .243, subd. 3a.
4. Find that it is reasonable for Minnesota Power to take 50 percent of NTEC's total capacity in light of the identified need.
5. Determine that Minnesota Power's affiliated-interest agreements are consistent with the public interest under the affiliated-interest statute, Minn. Stat. § 216B.48, and rules, Minn. R. 7825.1900-.2300.
6. Determine that the proposed revisions to Minnesota Power's FPE Rider are in the public interest under Minn. Stat. § 216B.16, subd. 7(3) and Minn. R. 7825.2390–.2600.
7. Determine that Minnesota Power's proposed variances to the FPE Rider are justified consistent with Minn. R. 7829.3200.
8. Determine that the Guaranty Agreement is reasonable and proper and in the public interest and will not be detrimental to the interests of the consumers and patrons affected thereby; and approve the Guaranty Agreement, subject to the applicable condition set forth in Attachment A to Minnesota Power's exceptions.

9. Determine that Minnesota Power has met the requirements of all other applicable statutory provisions, including Minn. Stat. §§ 216B.50, .2422, and .1694.
10. Find that Minnesota Power, the Large Power Intervenors, and other stakeholders should continue to develop a demand response rider and corresponding methodology for cost recovery, based on stakeholder input, in a new miscellaneous docket filing, and require such filing to be submitted for Commission approval within six months after the date of the final written order in Minnesota Power's 2016 rate case, Docket No. E-015/GR-16-664.
11. Require Minnesota Power to include a proposed bidding process for Commission consideration and potential approval in its next integrated-resource-plan (IRP) filing as set forth in Attachment A to Minnesota Power's exceptions.
12. The Commission's final written order will incorporate the conditions and compliance requirements and Minnesota Power's commitment to comply, as summarized herein and set forth in Attachment A to Minnesota Power's exceptions.
13. Require Minnesota Power to include the following in its next IRP filing:
  - a. A baseload retirement analysis that thoroughly evaluates and includes a plan for the early retirement of Minnesota Power's two remaining coal plants, Boswell 3 and 4, individually and in combination; and
  - b. A securitization plan that could be used to mitigate potential ratepayer impacts associated with any early retirement of one or both of the Boswell 3 and 4 facilities.
14. Require Minnesota Power, in developing its modeling analysis to be used in its next IRP, to consult with stakeholders, including but not limited to the Department of Commerce and the Clean Energy Organizations, regarding the Company's modeling inputs and parameters.
15. Extend the filing deadline for Minnesota Power's next IRP to October 1, 2020.
16. Find that there is no presumption that the costs inherent in the deal structure that Minnesota Power is using here are necessarily appropriate for rate recovery in a future rate case, and require that in any future rate case in which Minnesota Power seeks to recover any of the costs associated with this proposal, Minnesota Power would be required to prove the propriety of the costs associated with this deal structure in contrast to other cost structures that Minnesota Power chose not to use, which would include a PPA-like levelized payment structure.

17. Find that it is reasonable to use an escalator for the soft cap and that, as a beginning baseline, the Company's recommendation of the Handy-Whitman index is reasonable, but this does not preclude introduction of evidence by the Department or other parties of a different escalation amount or mechanism in a future rate case.

The motion passed 3–2. Commissioners Schuerger and Sieben voted against the motion.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: February 13, 2019**

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive, flowing style.

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**Daniel P. Wolf, Executive Secretary**