

The Commission met on **Thursday, May 23, 2019**, with Chair Sieben and Commissioners Lipschultz, Means, Schuerger, and Tuma present.

The following matters were taken up by the Commission:

P-421/C-03-616

In the Matter of a Request by Eschelon Telecom for an Investigation Regarding Customer Conversion by Qwest and Regulatory Procedures

Commissioner Means moved that the Commission grant CenturyLink QC's petition to eliminate the reporting requirement and close the docket.

The motion passed 5-0.

P-999/PR-19-5

In the Matter of TAM's 2018 Annual Report

P-999/PR-19-151

In the Matter of TAM's FY 2019 Proposed Budget and Surcharge Recommendations

Commissioner Tuma moved that the Commission:

1. Accept TAM's 2018 Annual Report.
2. Approve TAM FY 2020 budget subject to the following modifications:
 - The budget should be modified to recognize the legislative increase in funding for the Commission of Deaf, DeafBlind & Hard of Hearing Minnesotans (MNDHH) in the amount of \$450,000 annually.
 - For FY 2020, maintain the initial payment to MNDHH at the same initial dollar amount as FY 2019, subject to the approval of the office of Management and Budget.
 - The Commission requests that the budget recommendations for FY 2021 provide a discussion and recommendation for the initial payment to MNDHH and the needed end of year balance for the TAM fund going forward into FY 2022.
3. Request that TAM submit as an informational filing the upcoming audit report by Office of the Legislative Auditor concerning TAM finances at the time of its completion.
4. Approve the increase of the surcharge to \$0.07 with the effective date of the change to be the first billing cycle on September 1, 2019.

5. Request that the Department notify the Commission, immediately upon the signing of the necessary final budget bills, of the bills' impact on this budget along with a revised budget spreadsheet.

The motion passed 5-0.

ET-6133/RP-18-524

In the Matter of Minnesota Municipal Power Agency's 2019 – 2033 Resource Plan

Commissioner Schuerger moved that the Commission Accept Minnesota Municipal Power Agency's 2019 – 2033 resource plan, and require that MMPA file its next resource plan no later than August 1, 2025, conditioned upon MMPA filing the following:

- A. A status update on its demand side management efforts by August 1, 2022, and
- B. A status update on any new resources, including demand side programs, by August 1, 2022.

The motion passed 5-0.

E-002/M-17-797

In the Matter of the Petition of Northern States Power Company for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2017 and 2018, and Revised Adjustment Factors

Commissioner Lipschultz moved that the Commission:

1. Set return on equity (ROE) at 9.06.
2. Require Xcel to use a ROE of 9.06 in all electric dockets filed by the Company that require an ROE until the Commission issues an order in the Company's next rate case authorizing a different ROE.

The motion passed 5-0.

Commissioner Sieben moved that the Commission:

1. Require Xcel to implement its TCR rider effective January 1, 2019, thereby eliminating the need to prorate ADIT.

2. Encourage the Department to work with Xcel on the effectiveness of the Deloitte method.

The motion passed 5-0.

Commissioner Schuerger moved that the Commission:

1. Approve recovery of revenue requirements based upon approximately \$10.2 million in actual expenditures, incremental above base rates, for ADMS through 2018 in the TCR rider.
2. Within 120 days, require Xcel to file a compliance filing that includes:
 - a. The actual expenditures on the ADMS implementation to date, in base rates and incrementally above base rates, broken down in the categories of: design (including software configuration and software interfaces), hardware, software, testing and implementation – broken down by internal and external labor.
 - b. An estimate of the total quantity of work completed on the ADMS Project identified by the major categories (listed above). In the event work cannot be quantified in a category, major tasks completed shall be provided.
 - c. Detailed information on the GIS data collection effort and what interrelated benefits (with other future benefits) or direct benefits are expected from the GIS data collection.
3. Require Xcel to include in any future cost recovery filing for ADMS investments, an ADMS business case and a comprehensive assessment of qualitative and quantitative benefits to customers.
4. Require Xcel to make an annual filing for ADMS that includes:
 - a. the actual costs spent on the ADMS implementation for the reporting period, and for the work to date, broken down in the categories of: design (including software configuration and software interfaces), hardware, software, testing and implementation – broken down by internal and external labor.
 - b. An estimate of the total quantity of work completed on the ADMS Project identified by major category. In the event work cannot be quantified, major tasks completed shall be provided.
 - c. The additional functional requirements installed to achieve ADMS usage functions (including AMI, FAN, FLISR or IVVO modules), their percent of system implementation or integration, and cost incurred to date.

- d. The estimated anticipated expenses in coming reporting periods, both capital and O&M.
- 5. Delegate to the Executive Secretary the authority to set the filing timeframe and the docket in which the filing should be made.
- 6. If and when Xcel requests cost recovery for Advanced Grid Intelligence and Security (AGIS) investments, the filing must include a business case and comprehensive assessment of qualitative and quantitative benefits to customers, considering, at a minimum, the following:
 - A. Scope of Investment
 - 1. Investment Description
 - a. Detailed description of proposed investment and project life
 - b. If multiple components, overview of costs and descriptions of each
 - i. Include purpose and role
 - ii. Explain known and potential future use cases for each component
 - iii. Explain known and potential value streams and how each component fits with state policy, statutes, rules and Commission orders
 - iv. Describe beneficiaries of each investment (who, how many, over what time period)
 - c. Articulation of principles, objectives, capability, functionalities, and technologies enabled by investment
 - d. Interrelation and interdependencies with other existing or future investments
 - i. Overlapping costs: Scope, amount, timing
 - 2. Alternatives considered
 - a. If a Request for Proposal was used provide:
 - i. The RFP issued, including list of all services or assets scoped in the RFP
 - ii. Provide summary of responses
 - iii. Provide assessment of bids and factors used for selection
 - iv. The scope of offerings or services included in the selected bid
 - b. If not, what was used.

3. Costs

- a. Provide sufficient information to determine what is included in the investment in each of the following categories:
 - i. Direct Costs (product, service, customer, project, or activity)
 - ii. Indirect Costs
 - iii. Tangible Costs
 - iv. Intangible Costs
 - v. Real Costs
- b. If needed, provide the utility's definition of each category and whether internal or external labor costs are included in the category and the instant petition. If the costs are not included in the petition, include information on where and when those costs will be sought to be recovered.
- c. If there is overlap or costs included in both categories, outline the overlapping costs and explain.
- d. For each of the cost categories outline whether the investment has been partially approved or included in previous or on-going docket riders, rate cases, or other cost recovery mechanisms or note all costs are included in the instant petition.

4. Detailed Analysis

- a. Type of proposed (or multiple) cost effectiveness analysis utilized
 - i. Least-cost, best-fit (Xcel proposes in IDP Reply comments)
 - ii. Utility Cost-test
 - iii. Integrated Power System and Societal Cost test
- b. Provide a cost benefit analysis for: 1) each investment component with overlapping costs or benefits in isolation and 2) each bundled components, as appropriate
 - i. Provide Discount Rate Used and Basis
 - ii. Identify cost categories and benefit categories used (explain metrics)
 - Explain how benefits can be monitored over time and proposal for reporting to Commission
 - iii. Identify quantitative costs and qualitative costs
 - Use quantitative methods to address qualitative benefits to the extent possible.
 - Explain system used to assess value and priorities to qualitative benefits (points and/or weighting)

- iv. Identify sensitivity ranges on estimates or value
 - c. Include a long-term bill impact analysis
 - d. Include a reference case/scenario without the project (or group of projects)
 - e. Apply the following principles to ensure the investment analysis has:
 - i. compared with traditional resources or technologies;
 - ii. clearly accounted for state regulatory and policy goals;
 - iii. accounted for all relevant costs and benefits, including those difficult to quantify;
 - iv. provided symmetry across relevant costs and benefits;
 - v. applied a full life-cycle analysis;
 - vi. provided a sufficient incremental and forward-looking view;
 - vii. is transparent;
 - viii. avoided combining or conflating different costs and benefits;
 - ix. discuss customer equity issues, as needed;
 - x. assessed bundles and portfolio where reasonable; and
 - xi. addressed locational and temporal values.
7. Request that the Commissioner of Commerce seek authority from the Commissioner of MMB to incur costs for specialized technical professional investigative services under Minn. Stat. § 216B.62, subd. 8, to investigate the potential costs and benefits of grid modernization investments proposed for recovery by Xcel in its next rate case or TCR filing and to assist the Department in providing recommendations to the Commission regarding any such investments.

The motion passed 5-0.

Commissioner Lipschultz moved that the Commission:

1. Deny Xcel's request for implementation of a two-way carrying charge.
2. Require Xcel to include the interest component of the ROE refunds in the TCR rider revenue requirements.
3. Require Xcel to file a compliance filing updated to reflect the Commission's decision in the order and that includes an update of the forecasted numbers with actual numbers within 30 days from the date of the order.

4. Require Xcel to work with the Commission's Consumer Affairs Office on the proposed customer notice.

The motion passed 5-0.

E-002/M-17-818

In the Matter of the Petition of Northern States Power Company for Approval of the Renewable Energy Standards (RES) Rider Revenue Requirements for 2017 and 2018 and RES Adjustment Factors

Commissioner Lipschultz moved that the Commission:

1. Authorize an ROE of 9.06%.
2. Require Xcel to use the 9.06% ROE in all dockets filed by the Company that require an ROE until the Commission issues an order in the Company's next rate case.
3. Require Xcel to implement its RES rider effective January 1, 2019, thereby eliminating the need to prorate ADIT.
4. Require Xcel to credit ratepayers for their proportionate share of used North Dakota Investment Tax Credits (NDITC) associated with the Courtenay Wind Project, based on the pro-rata share of the costs of the Courtenay Wind Project that is charged to ratepayers.
5. Approve the capital cost components of the 2017 and 2018 revenue requirements for the four self-build projects.
6. Approve the 2018 CWIP expenditures for the Wind Portfolio and the Courtenay Wind projects.
7. Approve the revised 2017 RES PTC Tracker amount of (\$10,950,138).
8. Approve a credit to the 2017 RES PTC Tracker in the amount of \$10.552 million.
9. Require Xcel to implement the 2017 RES Rider Adjustment Factor at the beginning of the month following the Commission's order in the instant proceeding, and to subsequently require the Company to implement the 2018 RES Rider Adjustment Factor at the beginning of the month following the implementation of the 2017 RES Rider Adjustment Factor.
10. Approve Xcel's proposed Rate Smoothing method.

11. Require Xcel to file, within 30 days, a compliance filing that includes:
 - a. Commission-approved ROE and its impact on this proceeding;
 - b. updated tariff pages reflecting the 2017 and 2018 RES Rider Adjustment Factors approved by the Commission; and
 - c. an updated revenue requirement based on the Commission-approved recommendations.

The motion passed 5-0.

G-002/M-17-787

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of a Gas Utility Infrastructure Cost Rider True-Up Report for 2017, the Forecasted 2018 Revenue Requirements, and Revised Adjustment Factors

Commissioner Sieben moved that the Commission:

1. Require Xcel to include the reporting required by Minn. Stat. § 216B.1635, subd. 4(2)(iii) in all future GUIC rider petitions.
2. Require Xcel to include only incremental rate base amounts in its GUIC rider rate base in all future GUIC rider petitions.
3. Require Xcel to include only the incremental property tax expense amount for all GUIC years by adjusting to original cost of GUIC projects by the original cost of plant assets replaced by (or retired through) the GUIC projects in each year, prior to applying Xcel Energy's calculated property tax rate.
4. Approve Xcel's recalculated incremental depreciation expense amount.
5. Require Xcel to remove the work that is not Minnesota-specific, as identified by the Company in response to Department IR number 62.
6. Authorize Xcel to recover the 2018 revenue requirements over the 12 months following the effective date of the order.
7. Require Xcel, in future GUIC filings, to include historical and projected GUIC revenue requirements, rates, and recoveries within a single tracker for each year.

8. Require Xcel to file, within ten days of the order, a compliance filing showing the final rate adjustment factors and all related tariff changes.

The motion passed 5-0.

Commissioner Sieben moved that the Commission approve the Department's proposed capital structure with an ROE of 9.04 percent and an ROR of 7.02 percent.

The motion passed 5-0.

Commissioner Lipschultz moved that the Commission:

1. Require Xcel to implement its GUIC rider effective January 1, 2019, thereby eliminating the need to prorate ADIT.
2. Encourage the Department to work with Xcel on the effectiveness of the Deloitte method.

The motion passed 5-0.

Commissioner Lipschultz moved that the Commission require Xcel to use the most recent 12 months of actual natural gas sales to calculate the final rate.

The motion passed 5-0.

Commissioner Sieben moved that the Commission limit the return on MAOP validation capital costs to the Company's debt cost rate.

The motion passed 5-0.

Commissioner Lipschultz moved that the Commission determine that the ILI costs related to the Island Line South project are reasonable and necessary and allow Xcel to recover those costs through the GUIC rider.

The motion passed 5-0.

Commissioner Sieben moved that the Commission limit Xcel's water pumping recovery costs to the \$1.7 million as originally estimated by the Company and the \$0.2 million in cost overruns supported by the record.

The motion passed 5-0.

Commissioner Schuerger moved that the Commission determine that the replacement of the Langdon Line with a 12-inch pipe does not constitute a betterment and allow Xcel to include all Langdon Line project costs in its GUIC rider.

The motion passed 5-0.

Commissioner Sieben moved that the Commission allow Xcel to include all H005 Lexington to Snelling project costs in its GUIC rider, including the costs related to relocating customer services along the existing pipeline.

The motion passed 5-0.

Commissioner Sieben moved that the Commission deny Xcel's request to recover \$85,000 in costs incurred on low-risk infrastructure replacement work.

The motion passed 5-0.

Commissioner Sieben moved that the Commission require Xcel to follow the two-step allocation process established in the 16-891 Docket and allow recovery of \$1,712.74 in jurisdictionally unclear costs in the GUIC rider.

The motion passed 5-0.

Commissioner Schuerger moved that the Commission require Xcel to remove the costs of Overhead, Other, and Transportation, totaling \$6,268,396 from the GUIC rider.

The motion passed 5-0.

Commissioner Sieben moved that the Commission deny Xcel recovery of a carrying charge in the GUIC tracker account.

The motion passed 5-0.

Commissioner Schuerger moved that the Commission:

1. Find that Xcel has complied with ordering paragraph 5 of the Commission's Order Approving Rider with Modifications in the 16-891 docket requiring Xcel to "continue to discuss with other parties, including the Department and the OAG, proposed performance metrics and ongoing evaluation of reporting requirements in future GUIC proceedings."
2. Require Xcel, the Department, and the OAG to continue discussions on the establishment of performance metrics in future GUIC proceedings.

3. Require Xcel to only incorporate and apply the reduction in annual depreciation expense from its five-year study (Docket No. E,G-002/D-17-581) pertaining to GUIC projects in the 2018 GUIC rider revenue requirements and incorporate the non-GUIC depreciation changes in a future general rate case.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: November 6, 2019

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive style with a large, stylized 'D' and 'W'.

Daniel P. Wolf, Executive Secretary