

The Commission met on **Thursday, July 24, 2014**, with Chair Heydinger and Commissioners Boyd, Lange, Lipschultz present.

The following matters came before the Commission:

TELECOMMUNICATIONS AGENDA

P-999/M-14-20

In the Matter of the 2013 Lifeline Re-certification Results

Commissioner Lipschultz moved to accept the analysis of the Minnesota Department of Commerce (the Department) regarding the 2013 surveys of Minnesota's eligible telecommunications carriers (ETCs) as required by the federal Lifeline program, 47 U.S.C. § 54.401 *et seq.*, finding as follows:

1. All ETCs have complied with the requirement to submit their re-certification results to the Commission, and the re-certifications results comply with required re-certification procedures.
2. To minimize de-enrollments, use of the Minnesota Department of Human Services database is encouraged to validate eligible subscribers and reduce the number of Lifeline subscribers needing direct contact.

The motion passed 4 – 0.

P-421/CI-09-1066

In the Matter of a Commission Investigation into Qwest Corporation's Provision of Network Elements to CLECs and into Related Marketing Practices

Commissioner Lipschultz recused himself from consideration of this docket.

Commissioner Boyd moved to do the following:

1. Approve the administrative law judge's Referral and Recommendation of Non-Marketing Stipulation and Settlement Agreement (June 27, 2014), with a modification adding Issues 8.1 through 8.5 and their resolutions to the Matrix of Non-Marketing Issues attached to the Stipulation and Settlement Agreement (June 24, 2014).
2. Direct the parties to make a compliance filing with a revised matrix that includes Issues 8.1 through 8.5.

The motion passed 3 – 0.

ENERGY AGENDA

E-015/M-14-233

In the Matter of Minnesota Power 2013 Tracker (CIP Rider) DSM Financial Incentive

Commissioner Boyd moved to do the following:

1. Approve the 2013 Tracker Account Activity for the Conservation Improvement Programs of Minnesota Power (MP) as summarized in the Department's comments (June 2, 2014), Table 1.
2. Approve a 2013 demand-side management incentive for MP of \$8,733,448.
3. Approve a variance of Minn R. 7820.3500 and 7825.2600 to permit MP to combine the conservation program adjustment (CPA) with the fuel clause adjustment (FCA) on customer bills.
4. Approve a CPA of \$0.003425 per kilowatt-hour starting with the first billing cycle in the month following Commission approval, allowing reasonable time for implementation and customer notice.

The motion passed 4 – 0.

E-001/M-12-950

In the Matter of Interstate Power and Light Company's 2013 Renewable Energy Cost Recovery Adjustment

Commissioner Lipschultz moved to approve Interstate Power and Light's proposed purchase of renewable energy credits for the company's Minnesota jurisdiction.

The motion passed 4 – 0.

G-002/M-14-171

In the Matter of the Petition of Northern States Power Company, doing business as Xcel Energy (Xcel), for Approval of an Extension of a Rule Variance to Use a Monthly Demand Cost True-up Mechanism

Commissioner Lange moved to approve the request of Northern States Power Company, doing business as Xcel Energy (Xcel), for a three-year extension of the variance through September 30, 2017, retaining the existing reporting requirements.

The motion passed 4 – 0.

G-999/AA-13-600, et. al

In the Matter of the Review of the 2012-2013 Annual Automatic Adjustment Reports and Annual Purchased Gas Adjustment True-up Filings

Commissioner Boyd moved to take the following actions:

All Commission Regulated Natural Gas Utilities

1. Accept the annual reports for the fiscal year ending in 2013 (FYE13) as filed by the gas utilities as being complete as to Minn. R. 7825.2390 through 7825.2920.
2. Require each utility that hedges (including physical and financial) to continue to provide a post-mortem analysis, in a format similar to what was provided in this docket, in subsequent Annual Automatic Adjustment (AAA) filings.
3. Request that the Department provide a review of gas purchasing practices in its review of future AAA Reports.
4. Request that the Department provide a review of hedging practices in its review of future AAA Reports.
5. Take no action to address compressed natural gas refueling station issues at this time.

Greater Minnesota Gas (GMG)

6. Accept GMG's FYE13 true up as filed in Docket No. G-022/AA-13-797.
7. Allow GMG to implement its true up adjustment, as shown in Attachment G5 of the Department's February 5, 2014, Review of the 2012-2013 Annual Automatic Adjustment Reports.

Great Plains

8. Accept Great Plains' FYE13 true up as filed in Docket No. G-004/AA-13-800.
9. Allow Great Plains to implement its true ups, as shown in Attachment G6 of the Department's February 5, 2014, Review of the 2012-2013 Annual Automatic Adjustment Reports.

Interstate Gas

10. Accept Interstate Gas's FYE13 true up filed in Docket No. G-001/AA-13-789.
11. Allow Interstate Gas to implement its true up, as shown in Attachment G7 of the Department's February 5, 2014, Review of the 2012-2013 Annual Automatic Adjustment Reports.

Minnesota Energy Resources Corporation (MERC)

12. Accept Minnesota Energy Resources Corporation's FYE13 true up as filed in Docket Nos. G-011/AA-13-798 and G-007/AA-13-799.
13. Allow MERC to implement its true-up adjustments as shown in Attachment G8, page 1, of the Department's February 5, 2014, Review of the 2012-2013 Annual Automatic Adjustment Reports.
14. For MERC-consolidated classes that were undercharged due to the allocation error, require MERC to adjust the September 1, 2014 true-up balance.
15. Approve a variance to Minn. R. 7825.2920, subp. 2, so that MERC may adjust the September 1, 2014 true-up balance for classes on MERC's Northern Natural Gas system (MERC-NNG) that were overcharged due to the allocation error.
16. Approve a variance to Minn. R. 7825.2700, subp. 7 (for the true-up ending fiscal year 2014 (FYE14)), and Minn. R. 7820.4000 in a manner consistent with the variance approved in paragraph 15 above.
17. Make clear that the Commission makes no determination with respect to the appropriate method for corrections of future errors.
18. Require MERC to pay interest to the MERC-NNG's classes beginning September 1, 2013, computed at the prime rate on the total amount of the over collection error \$664,423 and provide the interest calculation detail in the company's September 1, 2014 true-up report.
19. Require MERC to report the allocation adjustments and interest as separate line items to the beginning balance of the commodity cost of gas in its September 1, 2014 true-up.
20. Consider whether the Commission wishes to require MERC and/or MERC's auditor, in the future, to more thoroughly investigate the assignment and allocation of gas costs between purchased gas adjustment (PGA) systems and between system sales and transportation customers (cashouts) before true-ups are filed and true-up factors are implemented.
21. Clarify that MERC is required to provide in its FYE14 AAA report a detailed description and calculations explaining its continued reporting of negative lost and unaccounted for gas and showing the role of transportation customers and sales in this phenomenon.

CenterPoint Energy

- 22. Accept CenterPoint Energy's FYE13 true up in Docket No. G-008/AA-13-790.
- 23. Allow CenterPoint Energy to implement its true up, as shown in Attachment G10 of the Department's February 5, 2014, Review of the 2012-2013 Annual Automatic Adjustment Reports.

Xcel Gas

- 24. Accept Xcel Gas's FYE13 true up in Docket No. G-002/AA-13-783.
- 25. Allow Xcel Gas to implement its true up, as shown in Attachment G11 of the Department's February 5, 2014, Review of the 2012-2013 Annual Automatic Adjustment Reports.

The motion passed 4 – 0.

G-007/M-07-1402

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-NMU) for Approval of Changes in Contract Demand Entitlements for the 2007-2008 Heating Season Supply Plan effective November 1, 2007

G-007/M-07-1403

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-PNG Viking) for Approval of Changes in Contract Demand Entitlements for the 2007-2008 Heating Season Supply Plan effective November 1, 2007

G-007/M-07-1404

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-PNG Great Lakes) for Approval of Changes in Contract Demand Entitlements for the 2007-2008 Heating Season Supply Plan effective November 1, 2007

G-007/M-07-1405

In the Matter of a Petition by Minnesota Energy Resources Corporation (MERC-PNG Northern Natural) for Approval of Changes in Contract Demand Entitlements for the 2007-2008 Heating Season Supply Plan effective November 1, 2007

Commissioner Lipschultz moved to do the following:

- 1. Approve MERC's request for interstate pipeline and other capacity changes to meet its Design Day and Reserve Margin requirements as described in the listed dockets.
- 2. Approve MERC's request to recover the associated cost changes in its pipeline demand entitlement contracts and supplier reservation fees as adjusted by the Department. MERC and the Department do not have any issues remaining on the following resolved issues:

- Design Day Requirements Estimates
 - Demand Entitlement Estimated
 - Reserve Margin Calculation
 - Declining Design Day requirement use per customer
 - Peak day send-out use per customer
 - LS Power capacity and supply arrangement
 - Northern Natural Gas (NNG) annual re-determination between base and variable
 - TFX5 Discount Contract Usage
 - MSQ-112490 and MSQ-113704 Storage Contracts Usage
 - PGA Cost Recovery
 - FT0011 contract volumes and cost elimination from PGA recovery
3. Require MERC to make a compliance filing explaining how its NNG Zone GDD Call Option works and how it better protects its customers than the subsequently expired LS Power arrangement.
 4. Approve the proposal in MERC's Supplemental Petition (March 7, 2008) to allocate all storage demand charges to both firm and interruptible sales customers through MERC's commodity PGA charges, with an effective date of November 1, 2014.

The motion passed 4 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: September 17, 2014



Burl W. Haar, Executive Secretary