

October 21, 2020

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E111/M-20-744

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

In the Matter of a Filing by Dakota Electric Association Regarding Approval to Limit the Availability of Temporary Service Extension to Commercial Accounts Only.

The petition was filed on September 22, 2020 by:

Douglas R. Larson
Vice President of Regulatory Services
Dakota Electric Association
4300 220th Street West
Farmington, Minnesota 55024

The Department requests that **Dakota provide additional information in its Reply Comments.** We will provide a recommendation after reviewing that document. The Department is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

MNZ/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E111/M-20-744

I. INTRODUCTION

On September 22, 2020, Dakota Electric Association (Dakota, DEA, the Cooperative) petitioned the Minnesota Public Utilities Commission (Commission) *In the Matter of a Filing by Dakota Electric Association to Limit the Availability of Temporary Service Extensions to Commercial Accounts Only (Petition)*. DEA proposed to include language in its tariff that restricts the provision of temporary service only to Commercial account rate schedules. Effectively, the Cooperative is proposing not to provide temporary electric service to new residential construction. DEA notes that this proposed tariff change, if adopted, would require homebuilders/contractors in its service territory to use a different form of a temporary electrical service on new residential construction. DEA estimates that this change could affect about 150 new homes per year.

II. BACKGROUND

Electric distribution utilities (or integrated electric utilities) usually provide temporary electrical service to any firm or individual that requests service within the electric utilities' service territory that can be served cost-effectively. The language and requirements related to temporary service are found in Section VI of the utilities' tariff, which addresses extension policy, service connections and disconnections, meter testing and the like.

Operationally, providing temporary service doubles and could potentially triple the number of site visits that DEA staff would need to make to place permanent service. Initially Cooperative staff visit the site to install temporary electric service, and then revisit the site to remove the temporary service and install the permanent service. If the latter two tasks require separate site visits, then three trips are required.

The Cooperative lists three reasons as support for the proposed tariff change.

- For most residential installations, permanent electric service is installed fairly early in the construction process as compared to commercial services.

- The duration of use of temporary service to a residential site is usually short when compared to a commercial account, so little revenue is generated from the temporary service.
- From a cost perspective, while the Cooperative's tariff allows DEA to charge for all net costs associated with the temporary service, providing service in this manner for this limited duration is simply not an efficient use of the Cooperative's resources.

III. DEPARTMENT ANALYSIS

The Department reviewed DEA's proposal considering Minnesota Statute and Administrative Rules.

Minnesota Stat. §216B.04 states:

Every public utility shall furnish safe, adequate, efficient, and reasonable service; provided that service shall be deemed adequate if made so within 90 days after a person requests service. Upon application by a public utility, and for good cause shown, the commission may extend the period for not to exceed another 90 days.

The statute does not address temporary service specifically, nor does it require it. However; it would be useful to know if Dakota believes it will be able to provide permanent electric service for all its new residential customers within 90 days. The Department asks that DEA address this question in its Reply Comments.

Minn. R. 7820.08 Extension of Service states in part: "Each utility shall file a plan in its tariff application for the installation of extensions to main and service lines where such facilities are in excess of those included in regular rates for service and for which the customer shall be required to pay all or part of the costs."

This rule introduces the concept of new customers paying for any above-average costs of providing service "in excess of those included in regular rates" as noted above. This payment is often included in a utility's tariff as a "contribution in aid of construction" or "CIAC." As DEA stated in its *Petition*, Dakota's tariff includes similar language.

Minn. R. 7820.09 Temporary Service states:

A customer taking temporary service shall pay the regular rates applicable to the class of service rendered. The rates charged shall

provide a reasonable rate of return for the utility. When a utility renders a temporary service to a customer, it may require that the customer bear the cost of installing and removing the service in excess of any salvage realized. The utility may require the customer to make an advance payment sufficient to cover the estimated cost of the service as is used above.

This rule addresses temporary service directly and notes that a customer may be required to cover the costs associated with the installation and removal of temporary service facilities. The rule does not state that a utility is required to provide temporary service installations to any or all customer classes.

The Department concludes that DEA's request to limit temporary service to commercial customers does not violate Minnesota statute or rules if the Cooperative will be able to provide permanent electric service to residential customers within 90 days. As noted previously, the Department asks that Dakota address this issue in Reply Comments.

The *Petition* also will have a financial effect on DEA. Dakota stated in the *Petition* in response to the requirement in Minn. R. 7829.1300 Miscellaneous Filings, subp 3(F): "The proposed change to temporary service availability does not affect rates of the Cooperative."

While the Department agrees with this statement, it appears that DEA's proposed change could potentially reduce the Cooperative's annual cash-flow. The Department asks that DEA provide a brief discussion of any financial effects of the proposal tariff change on the Cooperative's future cash-flows in its Reply Comments.

IV. RECOMMENDATION

The Department requests that DEA provide the following information in its Reply Comments:

- whether DEA will still be able to provide permanent electric service to residential customers within 90 days, and
- a brief discussion of any financial effects of the proposal tariff change on the Cooperative's future cash-flows.

The Department will provide a recommendation after reviewing DEA's Reply Comments.

/ja

Dakota Electric Association
Response to
Minnesota Department of Commerce
Utility Information Request

Docket Number: E-111/M-20-744
Request Number: 1
Requested By: John Kundert
Date of Request: October 8, 2020
Response Prepared By: Doug Larson, Dakota Electric Association (651-463-6258)
Date of Response: October 19, 2020

Request 1

Topic: *Inefficient use of labor resources*
Reference: Page 4

Please provide the analysis that supports this statement.

Answer

Page 4 of Dakota Electric's initial filing in this docket includes the following statement:

"While the present temporary service conditions allow Dakota Electric to charge for all net costs associated with the temporary service, we find that this is an inefficient use of our labor resources when the temporary service to residential sites is used for short durations." (emphasis added)

We also indicated on the same page that:

"When the Cooperative provides temporary electric service to a residential site it is typically used for a short time before we are asked to remove the temporary facilities and install permanent electric service."

Through this wording Dakota Electric intended to convey the perspective that our line workers (labor resources) have many other activities that can bring longer term higher value to our members than installing temporary service to residential construction sites that are typically used for short durations. These other activities include new line construction, line and equipment maintenance, and tree trimming to name just a few. There is no analysis to support this statement. It is a value/judgment statement.

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
Comments

Docket No. E111/M-20-744

Dated this **20th** day of **October 2020**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-744_SA-20-744
Eric	Fehlhaber	efehlhaber@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_20-744_SA-20-744
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-744_SA-20-744
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street Farmington, MN 550249583	Electronic Service	Yes	OFF_SL_20-744_SA-20-744
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	Yes	OFF_SL_20-744_SA-20-744
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_20-744_SA-20-744
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_20-744_SA-20-744
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-744_SA-20-744
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-744_SA-20-744
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-744_SA-20-744