

February 5, 2021

**PUBLIC DOCUMENT**

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

RE: **PUBLIC Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E111/M-21-46

Dear Mr. Seuffert:

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

Dakota Electric Association's 2020 Annual Automatic Adjustment Filing and 2021 Annual Resource and Tax Adjustment.

The petition was filed on January 13, 2021 by:

Eric Fehlhaber  
Director Financial Planning, Analysis and Regulatory  
Dakota Electric Association  
4300 220th Street West  
Farmington, MN 55024

The Department recommends that the Commission **accept** Dakota's FYE20 AAA filing. The Department also recommends that the Commission **approve** Dakota's proposed 2021 RTA factors and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ ADAM J. HEINEN  
Public Utilities Rates Analyst

AJH/ar  
Attachment



## Before the Minnesota Public Utilities Commission

### PUBLIC Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E111/M-21-46

#### I. BACKGROUND

Dakota Electric Association's (Dakota or DEA) is unique amongst Minnesota regulated electric utilities because it is a distribution-only cooperative. This means that DEA does not own or operate any generation or transmission assets. DEA instead purchases its power from Great River Energy (GRE), its wholesale generation and transmission provider. In addition, since DEA is a distribution-only utility, Dakota was exempt from many compliance filings required under the old Fuel Clause Adjustment (FCA) process.<sup>1</sup> DEA's unique situation under the old FCA process meant that Dakota made two annual rate filings. The first one, on or about September 1 of each year, reflected changes in DEA's annual automatic adjustment (AAA) or FCA riders for the previous fiscal year (July through June), and the second, in January of each year, reflecting its Annual Resource and Tax Adjustment (RTA) for the upcoming calendar year.

On August 28, 2019, Dakota Electric Association (Dakota or DEA) made a filing in Docket No. E999/AA-19-402 (2019 AAA) in accordance with Minnesota Rules 7825.2800-7825.2840, which requires that all public utilities make a filing by September 1 of each year to reflect changes in their AAA or FCA riders. In its January 14, 2020 Letter in Docket No. E999/AA-19-402, the Department concluded that there was little to be gained from having Dakota continue to submit annual FCA costs in the September AAA filings and in the annual RTA filings. Given that the RTA filings are where Dakota's fuel clause rates are set for the year, the Department recommended that the Commission require Dakota to provide its AAA filing information in its annual RTA filings. The Department explained that it will conduct the necessary reviews of such information in conjunction with its review of Dakota's annual RTA filings. The Department noted that this approach would provide a more streamlined and efficient process for reviewing Dakota's annual purchased energy costs.

In its June 22, 2020 Order in Docket Nos. E999/AA-19-402 and E111/M-20-79, the Commission accepted Dakota's fiscal year ending (FYE) 2019 AAA filing and approved DEA's proposed 2020 RTA filing. The Commission also granted a variance to Minnesota Rules 7825.2800 to 7825.2840 to allow Dakota to file its AAA reports and FCA rider in future RTA petitions. This variance also requires Dakota to continue to use a fiscal year for its AAA and FCA rider reporting periods.

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<sup>1</sup> Department January 14, 2020 Letter in Docket No. E999/AA-19-402.

This filing marks the first instance where Dakota filed its AAA and RTA in the same docket. On January 13, 2020, Dakota filed a petition in Docket No. E111/M-21-46 requesting approval of its AAA and FCA rider adjustments for FYE 2020 and proposed RTA for calendar year 2021 (2021 RTA). Dakota filed this information on the same date but in separate filings.

The Department analyzes Dakota's 2020 AAA and 2021 RTA adjustments separately below.

## II. DEPARTMENT ANALYSIS – DAKOTA'S 2020 AAA

### A. OVERVIEW

Minnesota Rules 7825.2800 through 7825.2830 require natural gas and electric utilities implementing automatic adjustments in the recovery of fuel purchases to file annual automatic adjustment reports. To provide further context to these reports, the Department provides excerpts from the Statement of Need and Reasonableness (SONAR) that the Minnesota Public Utilities Commission (Commission) issued when it adopted these rules.

These rules were put in place in 1984 in Docket No. G,E-999/R-83-467. In its April 18, 1984 SONAR (1984 SONAR) at pages 10-11, the Commission stated the following regarding the purpose of the annual filings by the utilities:

There currently is no provision in the rules to require the [C]ommission to annually review the entire effect of automatic adjustments upon customer rates, consumption patterns, utility revenues and distribution of supplier refunds; nor is there any provision to review projected fuel and gas costs. Therefore, the intent of the proposed additions is to make information about automatic adjustment of charges available for annual review by the [C]ommission, intervenors and the public, to provide a means by which the [C]ommission may determine the appropriateness and reasonableness of the separate charge and refund transactions during a prior year.

Currently utilities submit periodic automatic adjustment reports to the Minnesota Department of Public Service (DPS) [a predecessor to the Department of Commerce]. These reports are reviewed by the DPS to determine that the rates are in compliance with [C]ommission rules and approved rates. An annual report filed directly with the Commission will enable the Commission to more effectively discharge its duties to review and monitor rates pursuant to Minn. Stat. § Ch. 216B (1982).

The materials required to be submitted will allow the Commission to make an independent, accurate evaluation of the automatic adjustment charges for each utility.

The information required by the Commission for the annual report of automatic adjustment of charges is needed to fully evaluate the impact these charges have had upon the ratepayers of each utility during the reporting period.

The Commission stated the following on page 13 regarding how the information in the reports is to be used at the Commission's annual meeting ("The commission shall annually conduct a separate meeting to review the automatic adjustment of charges reported herein"):

This addition to the rule will allow the Commission an opportunity to review and evaluate all utilities' automatic adjustments at one time, giving the Commission a broad perspective for its analysis of the application and impact of automatic adjustments. This meeting will also give the Commission an opportunity to review any cost changes in gas or electric utility fuel purchases and will allow the public and utilities to address to [sic] the appropriateness of changes in automatic adjustments during the reporting period.

As noted above, the Commission ordered Dakota to provide this information concurrent to the RTA filing in January of each year, as opposed to filing the AAA on September 1 each year, separately from the RTA.

#### *B. MINNESOTA RULES*

Pursuant to Minnesota Rule 7825.2810, subpart 1, the filing requirements for electric utilities include the following:

- Paragraph A – the base cost of fuel approved by the Commission in the utility's most recent rate case;
- Paragraph B – billing adjustment amounts charged to customers for each type of energy cost, such as nuclear, coal, or purchased power;
- Paragraph D – total cost of fuel delivered to customers;
- Paragraph E – revenues collected from customers for energy delivered; and
- Paragraph G – amount of refunds credited to customers.<sup>2</sup>

The Department reviewed Dakota's 2020 AAA filing, specifically Exhibits C-I and C-II, and concludes that Dakota complied with the Commission's filing requirements as described in Minnesota Rule 7825.2810, subpart 1.

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<sup>2</sup> Paragraphs C and F are omitted from the list because they pertain strictly to natural gas utilities.

Minnesota Rule 7825.2820 requires the following:

By September 1 of each year, all gas and electric utilities shall submit to the commission an independent auditor's report evaluating accounting for automatic adjustments for the prior year commencing July 1 and ending June 30 or any other year if requested by the utility and approved by the commission.

As noted in Section I above, the Commission granted a variance allowing Dakota to file its independent auditor's report in January of each year. The Department notes that Dakota provided a copy of its independent auditor's report in Exhibit C of its 2020 AAA information. As a result, the Department concludes that Dakota complied with Minnesota Rule 7825.2820.

Minnesota Rule 7825.2830 requires all electric utilities to "submit to the commission a five-year projection of fuel costs by energy source by month for the first two years and on an annual basis thereafter." Dakota's five-year projects of fuel costs by energy source by month is provided in Exhibit D of its 2020 AAA filing. As a result, the Department concludes that Dakota complied with Minnesota Rule 7825.2830.

Minnesota Rule 7825.2840 requires all electric utilities to "provide notice of the availability of the reports defined in parts 7825.2800 to 7825.2830 to all interveners in the previous two general rate cases." Dakota complied with this requirement in Exhibit E of its 2020 AAA filing.

The Department discusses Dakota's FYE20 fuel costs and five-year fuel cost projections in Sections II.C and II.D below.

### *C. FYE20 TOTAL POWER COST REVIEW*

Dakota serves approximately 110,000 Minnesota electric customers in the southern metropolitan area, in Dakota, Goodhue, Scott, and Rice counties.

As noted in Section I above, Dakota does not own generation and transmission resources, and instead purchases its power from GRE, its wholesale generation and transmission provider.

Dakota's 2020 AAA filing includes \$147,052,226<sup>3</sup> in total power costs, or \$82.67/MWh<sup>4</sup> on average, for FYE20, which includes generation capacity and transmission costs from GRE during the reporting period.<sup>5</sup> This is approximately 3.00 percent<sup>6</sup> higher than the \$80.26/MWh<sup>7</sup> average cost in FYE19.

DEA recovered \$145,336,688 in fuel costs and thus under-recovered fuel costs in FYE20 by \$1,715,538 or 1.17 percent.<sup>8</sup>

Regulated utilities normally recover through their automatic adjustments only changes from the amounts set in a rate case for costs of fuel and cost of energy obtained through purchased power agreements (PPAs). On the other hand, changes in capacity costs are typically not reflected in fuel adjustment clauses. However, as an electric cooperative providing only distribution service, Dakota requires special consideration because it recovers variations in purchased capacity costs as well as energy costs through the fuel adjustment clause. The inclusion of capacity costs creates the potential for Dakota's monthly over- and under-recoveries to be greater than those experienced by utilities that only include fuel and PPA costs in their fuel clause. Changes in sales can result in a significant gap between the utility's actual purchased capacity costs per kWh and the purchased capacity costs per kWh built into its base rates. To account for potential discrepancies between its actual and recovered costs through its automatic adjustment, Dakota calculates and applies an annual fuel-cost true-up factor based on these discrepancies.

The Department reviewed Dakota's FYE20 power costs and concludes that they appear reasonable.

#### *D. SUMMARY OF FUEL COST PROJECTIONS*

Minnesota Rule 7825.2830 requires all electric utilities to "submit to the commission a five-year projection of fuel costs by energy source by month for the first two years and on an annual basis thereafter."<sup>9</sup>

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<sup>3</sup> Dakota's 2020 AAA filing, Exhibit C-II, Page 1 of 19.

<sup>4</sup> Id.;  $\$147,052,226 / 1,778,862,966 \text{ kWh} \times 1,000 = \$82.67/\text{MWh}$ .

<sup>5</sup> Subject to Commission approval, Minnesota Rule 7825.2600 allows a utility that purchases at least 75 percent of its annual energy requirements to include capacity costs in its energy adjustment. Dakota does not have its own generation. Dakota purchased all its FYE20 energy needs from power supplier GRE.

<sup>6</sup> Calculated;  $(\$82.67 - \$80.26) / \$80.26 = 3.00\%$ .

<sup>7</sup> Department's March 9, 2020 Comments in Docket No. E111/M-20-79.

<sup>8</sup> Dakota's 2020 AAA filing, Exhibit C-II, Page 1 of 19.

<sup>9</sup> In its 1984 SONAR, the Commission stated the following at page 12 regarding the purpose of this requirement:

The overall purpose of a five-year projection of fuel and gas costs is to aid the Commission in anticipating potential rate impacts upon Minnesota ratepayers. These projections will provide the Commission with a state-wide perspective on future energy requirements and costs which may affect customer consumption, the level of rates, facility expansion requirements, and rate design proposals.

Dakota’s energy cost projections are summarized in Tables 1 and 2 below:

**Table 1: Dakota’s Forecast of Annual Energy Costs (July through June fiscal year)<sup>10</sup>**

(\$/MWh)	FYE2021	FYE2022	FYE2023	FYE2024	FYE2025
Dakota	<b>[TRADE SECRET DATA HAS BEEN EXCISED]</b>				

The Department reviewed the 5-year Annual Energy Cost forecast provided by Dakota in last year’s AAA filing. The Department notes that projected energy costs for 2021 through 2025 are slightly **[TRADE SECRET DATA HAS BEEN EXCISED]** this year than last year.

**Table 2: Dakota’s Annual Percentage Change in Forecasted Energy Costs (July through June fiscal year)<sup>11</sup>**

%change	FYE2021	FYE2022	FYE2023	FYE2024	FYE2025
Dakota	<b>[TRADE SECRET DATA HAS BEEN EXCISED]</b>				

The Department reviewed Dakota’s projected five-year energy costs and concludes that they appear reasonable and consistent with projections provided in previous AAA filings.

*E. DEPARTMENT’S OVERALL AAA RECOMMENDATION*

Based on the above, the Department recommends that the Commission accept Dakota’s FYE20 AAA filing.

**III. DEPARTMENT ANALYSIS – DAKOTA’S 2020 RTA**

*A. OVERVIEW*

The RTA is a long-standing per-kilowatt-hour (per-kWh) surcharge (or credit) that recovers or refunds incremental changes in three types of costs: purchased power costs, conservation costs, and property taxes. The tariff language applying the RTA is as follows:

The Energy Charge shall be adjusted for incremental changes in purchased power costs, incremental changes in Dakota Electric’s conservation tracker account balance, and incremental changes in real and personal property taxes above or below the appropriate base costs. The conservation tracker account factor shall be calculated as described in the Resource Adjustment

<sup>10</sup> Per Dakota’s 2020 AAA filing, Exhibit D, Page 2 of 2.

<sup>11</sup> Annual percentage changes calculated by the Department.

Rider (Sheet 51). The real and personal property tax factor shall be calculated as described in the Property Tax Adjustment Rider (Sheet 53). The purchased power cost factor shall be adjusted by \$0.0001 per kilowatt-hour or major fraction thereof, of which the Association’s total projected power cost per kilowatt-hour annually exceeds, or is less than \$[0.XXXXX<sup>12</sup>] per kilowatt-hour sold. The year used for the annualized RTA will be January 1 through December 31. The projection shall be reviewed after six months (July) and adjusted if necessary. The RTA shall be filed with the Public Utilities Commission each year before implementation.

Pursuant to the requirements in Dakota’s tariff, Dakota has filed an RTA petition each year since 1997.<sup>13</sup> Dakota’s proposed adjustments for the current year are as shown in Table 3 below.

**Table 3: Dakota’s Proposed 2021 RTA Adjustments (\$/kWh)<sup>14</sup>**

	Schedule <sup>15</sup>	Purchased Power	DSM & Conservation	Property Tax Total	
31	Residential	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
32	Res’l Dem. Control	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
36	Irrigation—Frim	(\$0.0002)	\$0.0004	(\$0.0002)	\$0.0000
37	Irrigation--Interruptible	(\$0.0020)	\$0.0004	(\$0.0002)	(\$0.0018)
41	Sm Gen’l Serv.	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
44	Street Lights	(\$0.0002)	\$0.0004	(\$0.0008)	(\$0.0006)
46	General Service	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
49	Geothermal Heat Pump	(\$0.0011)	\$0.0004	(\$0.0001)	(\$0.0008)
51	Controlled Energy Storage	\$0.0008	\$0.0004	(\$0.0001)	\$0.0011
52	Controlled Interruptible	(\$0.0051)	\$0.0004	(\$0.0001)	(\$0.0048)
53	Time of Day - Res'l	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
54	Time of Day – Gen’l Service	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
70	Interruptible Option - Full	(\$0.0020)	\$0.0004	\$0.0000	(\$0.0016)
71	Interruptible Option - Partial	(\$0.0020)	\$0.0004	\$0.0000	(\$0.0016)

<sup>12</sup> This value may be \$0.0204, \$0.0352, \$0.0521, \$0.0813, or \$0.0939 per kWh dependent upon rate code.

<sup>13</sup> See docket numbers E111/M-97-722, 98-644, 99-695, 00-35, 01-72, 02-47, 03-47, 04-101, 05-110, 06-59, 07-44, 08-41, 09-32, 10-36, 11-48, 12-610, 13-37, 14-46, 15-40, 16-42, 17-33, 18-44, 19-36, and 20-72. Each year, the Department has reviewed Dakota’s filing and the Commission has approved the RTA as filed.

<sup>14</sup> Petition, Schedule A1.

<sup>15</sup> The RTA does not apply to service taken under Schedule 45 (Low Wattage Unmetered Service), Schedule 47 (Municipal Civil Defense Sirens), Schedule 81 (Cycled Air Metered), Schedule 82 (Cycled Air Residential), and Schedule 84 (Cycled Air Commercial).



As noted above, there are three factors that comprise Dakota's RTA: variations in the purchased power cost adjustment, the conservation cost adjustment, and the personal property tax adjustment. The purpose of the RTA is to allow DEA to adjust rates for variations from the predicted costs of each of these adjustments as compared to the rates determined in DEA's most recent rate case. By design, the RTA is forward-looking, based on estimated costs for the upcoming year, and designed to ensure that there is no double recovery of costs in the RTA and in the base rates. In addition, the mid-year adjustment affords timelier matching of costs DEA incurs to serve customers with revenues from customers in these areas. The Department separately reviews the three components of Dakota's proposed 2021 RTA below.

### *B. PURCHASED POWER COSTS*

Dakota's power cost adjustment is allowed under Minnesota Statutes section 216B.16, subdivision 7, the relevant part of which states:

... the Commission may permit a public utility to file rate schedules containing provisions for the automatic adjustment of charges for public utility service in direct relation to changes in ... federally regulated wholesale rates for energy delivered through interstate facilities ...[or] costs for fuel used in generation of electricity.

The rules governing power cost adjustments are specified in Minnesota Rules parts 7825.2390 to 7825.2920. Per Minnesota Rules part 7825.2600, subpart 2, Dakota is allowed to recover both demand costs and energy costs in its power cost adjustment, because Dakota purchases over 75 percent of its annual total kWh sales. As noted in Section I, Dakota purchases all its demand and energy costs from GRE since Dakota is a distribution-only cooperative.

The purchased power cost adjustment is defined as the difference between the projected cost of power and DEA's base cost of power rate approved in its most recent rate case. Six months after each January 1, DEA compares the projected power cost against actual costs to determine whether a change in the power cost adjustment is necessary to zero out any over- or under-recovery accumulated since January 1. If an adjustment is necessary, the factor is changed beginning with power consumed in July. Since the aggregate power cost adjustment credit or charge is based on the projected level of sales, the actual credits or charges received will generally not equal the actual amounts incurred. To account for this difference, DEA performs a true-up calculation at the end of each fiscal year and includes any net over- or under-recovery in the subsequent year's power cost recovery calculation.

The power cost adjustment is recovered from members on a kWh basis; however, the adjustment is not the same for all members and rate classes. The power cost adjustment for non-interruptible members includes both energy and demand costs, while the adjustment for members taking interruptible service<sup>16</sup> includes only energy costs. The Department also notes that the base cost of

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<sup>16</sup> Rate Schedules 51, 52, 70, and 71.

energy varies according to the type of service. For example, customers taking service under the Geothermal Heat Pump Rider rate schedule have a different power cost adjustment because the base cost of power used is \$0.0813 per kWh instead of the \$0.0939 per kWh used for other non-interruptible members.<sup>17</sup>

The Department reviewed DEA's calculation of the true-up and concludes that the calculation is accurate.<sup>18</sup> The Department concludes that DEA's proposal to recover the difference between its base cost of energy and wholesale power costs through the power cost adjustment is appropriate.

### *C. DEMAND-SIDE MANAGEMENT AND CONSERVATION ADJUSTMENT*

DEA's approved Demand-Side Management (DSM) and conservation spending additions from the previous calendar year are recovered from January 1 through December 31 of the next year. Dakota calculates the conservation adjustment by dividing the recoverable conservation tracker balance by the kWh sales projections. The recoverable conservation tracker balance is the balance leftover from the previous year (with a carrying charge adjustment) plus approved conservation expenses for the year in question, minus the conservation expenses recovered in base rates.

Dakota's DSM and conservation adjustment is allowed under Minnesota Statutes section 216B.16, subdivision 6b, paragraph (c) and section 216B.241, subdivision 2b, which state in relevant part:

[216B.16, subd. 6b(c)]: The Commission may permit a public utility to file rate schedules providing for annual recovery of the costs of energy conservation improvements.

[216B.241, subd. 2b:] The Commission shall allow a cooperative electric association subject to rate regulation under section 216B.026 [such as Dakota], to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the Commission.

On May 8, 2018 in Docket No. E111/M-17-821, the Commission authorized DEA to recover the capital costs associated with its new load control receivers and Advanced Grid Infrastructure (AGI) capital costs not already included in base rates through the conservation component of DEA's RTA, with the conditions that the costs must satisfy the requirements of Minn. Stat. §216B.16, subd. 6b (c) and (d),

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<sup>17</sup> Petition, Schedule A1. Dakota provided electronic spreadsheets supporting these calculations in response to an email inquiry. The Department reviewed these spreadsheets and confirm that the calculations are accurate.

<sup>18</sup> Petition, Schedule A2-1.

and be approved by the Deputy Commissioner of the Department.<sup>19</sup> In accordance with the Commission's May 8, 2018 Order, DEA included its forecasted 2021 capital costs for new load control receivers in the conservation component of the RTA.<sup>20</sup> The Department reviewed this information and concludes that Dakota complied with the Commission's May 8, 2018 Order in Docket No. E111/M-17-821.

DEA proposed a 2021 DSM and conservation adjustment of \$672,969, including a \$158,063 over-recovery for 2020, as shown on Schedules A3 and B2 of the Petition. Dakota expects to have an over-recovered balance of \$60,921 at the end of 2021.<sup>21</sup> The Department reviewed DEA's calculation of the DSM and conservation adjustment and concludes that the calculation is accurate. The Department concludes that DEA's proposed DSM and conservation adjustment is appropriate.

#### *D. PERSONAL PROPERTY TAX ADJUSTMENT*

DEA stated on page 2 of its 2021 RTA that, prior to its 2017 RTA, it was not permitted to include a property tax adjustment within its RTA if the Cooperative's Conservation Improvement Program (CIP) spending fell below 1.75 percent of gross operating revenue. DEA stated that the passage of Minnesota Statute 216B.1647 in the 2016 Minnesota Legislative Session removed this requirement. As a result, DEA is eligible to file with the Commission for approval of an adjustment for real and personal property taxes, fees, and permits in its annual RTA.

Dakota calculates its property tax adjustment by allocating the incremental annual property tax expense to each rate class according to the property tax allocation factors from the most recent approved class cost of service study. DEA then divides these allocated amounts by projected rate class retail energy sales to arrive at the adjustment for each class. The incremental annual property tax expense is the forecasted annual property tax expense not recovered in base rates, adjusted for any over- or under-recovered balance from the prior year.

The Department reviewed DEA's calculation of the true-up and concludes that the calculation is accurate.<sup>22</sup> The Department concludes that DEA's proposal to recover the difference between its base level of personal property taxes and projected personal property taxes through the personal property tax adjustment is appropriate.

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<sup>19</sup> The Deputy Commissioner of the Department approved Dakota's load control receiver request in a letter date March 6, 2020.

<sup>20</sup> Dakota's 2020 RTA, Schedule E-3 and Schedule E, page 2 of 2.

<sup>21</sup> Dakota's 2020 RTA, Schedule A3.

<sup>22</sup> Dakota's 2020 RTA, Schedules A4-1 to A4-3.

*E. COMPLIANCE WITH COMMISSION ORDERS*

In its April 22, 1996 *Order* in Docket No. E111/M-95-1395 approving the RTA, the Commission ordered DEA to provide the following information as part of its future filings:

- The finalized current year's total real and personal property tax bill and its proposed filing to true-up its annual tax adjustment rider.
- Information to verify that the incremental real and personal property tax recovery is limited to known and actual gross revenues and conservation expenditures.

The Department notes that DEA submitted the relevant information set forth in the Commission's April 22, 1996 *Order*.

The Department also reviewed DEA's 2021 RTA to ensure that it preserved the existing rate design. In Docket No. E111/M-95-1395 concerning the RTA, DEA and the Department agreed that the increased tax expense should be allocated to the customer classes based on the class-cost-of-service method in DEA's most recent rate case. DEA's most recent rate case was approved by the Commission in its July 20, 2020 *Order* in Docket No. E111/GR-19-478. As part of this filing, DEA submitted a schedule detailing the allocation of taxes to the various classes, along with the net recoverable balance after any over- or under-recovery. A review of the schedule indicates that DEA allocated its taxes among the rate classes in compliance with the Commission's April 22, 1996 *Order*.

The Department concludes that DEA complied with the Commission's *Order* in Docket No. E111/M-95-1395.

**IV. DEPARTMENT RECOMMENDATIONS**

The Department recommends that the Commission accept Dakota's FYE20 AAA filing.

The Department recommends that the Commission approve Dakota's proposed 2021 RTA factors.

/ar

## **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  
Public Comments**

**Docket No. E111/M-21-46**

Dated this 5<sup>th</sup> day of **February 2021**

**/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_21-46_M-21-46
Eric	Fehlhaber	efehlhaber@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	Yes	OFF_SL_21-46_M-21-46
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_21-46_M-21-46
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street  Farmington, MN 550249583	Electronic Service	Yes	OFF_SL_21-46_M-21-46
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	Yes	OFF_SL_21-46_M-21-46
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-46_M-21-46
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_21-46_M-21-46
Randy	Olson	rolson@dakotaelectric.com	Dakota Electric Association	4300 220th Street W.  Farmington, MN 55024-9583	Electronic Service	Yes	OFF_SL_21-46_M-21-46
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_21-46_M-21-46
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350  Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-46_M-21-46

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_21-46_M-21-46