



85 7TH PLACE EAST, SUITE 280
SAINT PAUL, MINNESOTA 55101-2198
MN.GOV/COMMERCE
651.539.1600 FAX: 651.539.1574
AN EQUAL OPPORTUNITY EMPLOYER

May 12, 2017

PUBLIC DOCUMENT

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

RE: **PUBLIC** Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. E111/M-17-314

Dear Mr. Wolf:

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

Dakota Electric Association's Compliance Filing in Docket No. E111/M-17-314.

The filing was submitted on April 12, 2017 by:

Doug Larson
Vice President of Regulatory Services
Dakota Electric Association
4300 220th Street West
Farmington, MN 55024

The Department recommends approval and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/It
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

PUBLIC COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E111/M-17-314

I. BACKGROUND

Dakota Electric Association (Dakota Electric, or the Association) recently received approval from the Minnesota Public Utilities Commission (Commission) to establish its new Member Specific Discount (MSD) Rider.¹ The MSD Rider is intended to facilitate a pass-through of targeted, temporary wholesale capacity rate discounts offered by Dakota Electric's wholesale power supplier, Great River Energy (GRE), to specific Association members receiving retail service.

Members taking service under the MSD Rider are required to execute an electric service agreement (ESA) with the Association. The MSD Rider Schedule in Dakota Electric's Rate Book specifically identifies many, but not all, of the terms and conditions to be included in an ESA signed pursuant to it. The MSD Rider Schedule does not identify the size or amount of the capacity rate discount to be applied, nor does it specify the length of time during which the discount and the ESA will be in effect.

On April 11, 2017, Dakota Electric executed an ESA (the proposed ESA) with a member seeking to take service under the MSD Rider, and April 12, 2017, the Association submitted the proposed ESA to the Commission as a compliance filing in Docket No. E111/M-16-774.² The proposed ESA specifies the length of the agreement, as well as the capacity rate discounts that will be applied during the term of the proposed ESA.

Minn. Stat. §216B.05, subd. 2a states:

A contract for electric service entered into between a public utility and one of its customers, in which the public utility and the customer agree to customer-specific rates, terms, or service conditions not already contained in the approved schedules, tariffs, or rules of the utility, must be filed for approval by the

¹ See the Commission's January 24, 2017 Order in Docket No. E111/M-16-774.

² The proposed ESA is included with these Comments as DOC Attachment No. 1.

commission pursuant to the commission's rules of practice. Contracts between public utilities and customers that are necessitated by specific statutes in this chapter must be filed for approval under those statutes and any rules adopted by the commission pursuant to those statutes.

Because the proposed ESA contains terms (*i.e.*, the capacity rate discounts and length of the agreement) that are not specifically defined in Dakota Electric's approved MSD Rider Schedule, the Department concludes that Minn. Stat. §216B.05, subd. 2a applies, and the proposed ESA must be approved by the Commission in order to take effect.

II. DEPARTMENT ANALYSIS

A. NECESSARY CONDITIONS FOR APPROVAL OF THE PROPOSED ESA

The proposed ESA should be approved only if it is in the public interest. In its May 6, 2014 Order in Docket No. E-015/M-14-130, the Commission clarified that the standard for review of ESAs is as follows:

1. Are the terms and conditions of the ESA consistent with the public interest?
2. Are the terms and conditions of the ESA not discriminatory?

B. TERMS AND CONDITIONS OF THE PROPOSED ESA

The start and end dates of the proposed ESA are [TRADE SECRET DATA HAS BEEN EXCISED], respectively. The capacity rate discount will be, [TRADE SECRET DATA HAS BEEN EXCISED].

During the term of the proposed ESA, the participating member must purchase all of its power and energy requirements from Dakota Electric, [TRADE SECRET DATA HAS BEEN EXCISED].

As described in the MSD Rider Schedule in Dakota Electric's Rate Book, in order to receive the capacity discounts enumerated in Section 5 of the proposed ESA, the participating member's monthly metered demand must be at least 750 kW during GRE's monthly coincident billing peak demand hour, and the participating member's monthly non-coincident load factor must be greater than or equal to 40 percent.

C. ANALYSIS

1. *Are the terms and conditions of the proposed ESA consistent with the public interest?*

The terms and conditions of the proposed ESA are consistent with the public interest if no party is harmed by them. The parties that may be harmed by the proposed ESA are Dakota Electric, the member that signed the proposed ESA, and Dakota Electric's other customers. Because both Dakota Electric and any customer that signs an ESA can be assumed to act in their own best interests, it can also be assumed that neither will be worse off as a result of the ESA.

As described in greater detail in the Department's December 21, 2016 comments in Docket No. E111/M-16-774, ESA's executed pursuant to the Association's MSD Rider will not shift any costs from the ESA customers onto Dakota Electric's other ratepayers, nor are they likely to result in cost increases at GRE (that would then be passed on to the Association) that would otherwise not occur. The Department therefore concludes that the non-standard terms of the proposed ESA do not harm other customers, and that the proposed ESA is consistent with the public interest.

2. *Are the terms and conditions of the proposed ESA discriminatory?*

As described in greater detail in the Department's December 21, 2016 comments in Docket No. E111/M-16-774, the Department concludes that it is not discriminatory for the Association to pass through to individual customers a discount offered by its wholesale power supplier whose goal is to attract new large loads. Dakota Electric is a price-taker in this context, and from the Association's perspective, the discount offered by GRE creates a known, measurable, and directly assignable difference in the cost of serving those customers, and thus it is reasonable for those customers to pay different, lower rates.

III. CONCLUSION AND RECOMMENDATION

The Department concludes that Dakota Electric's proposed ESA is consistent with the public interest and is not discriminatory, and recommends that the Commission approve it.

/lt

TRADE SECRET data has been excised.
DOC Attachment 1 is TRADE SECRET in its entirety.

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-17-314

Dated this 12th day of May 2017

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_17-314_M-17-314
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-314_M-17-314
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_17-314_M-17-314
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street Farmington, MN 550249583	Electronic Service	No	OFF_SL_17-314_M-17-314
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	Yes	OFF_SL_17-314_M-17-314
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_17-314_M-17-314
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_17-314_M-17-314
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_17-314_M-17-314
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17-314_M-17-314
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-314_M-17-314