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November 11, 2016

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

**Re: Dakota Electric Association Petition to Implement a  
Large Load, High Load Factor Rider  
Docket No. E-111/M-16-\_\_\_**

Dear Mr. Wolf:

Dakota Electric Association (Dakota Electric or Cooperative) submits the attached Petition requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Large Load, High Load Factor Rider (LLHLF Rider). The proposed LLHLF Rider would provide a pass-through of targeted wholesale power energy credits to members under specified circumstances.

If you or your staff have any questions regarding this petition, please contact me at (651) 463-6258.

Sincerely,

*/s/ Douglas R. Larson*

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Douglas R. Larson  
Vice President of Regulatory Services  
Dakota Electric Association  
4300 220<sup>th</sup> Street West  
Farmington, MN 55024  
651-463-6258  
dlarson@dakotaelectric.com

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF A  
DAKOTA ELECTRIC ASSOCIATION  
PETITION TO IMPLEMENT A  
LARGE LOAD HIGH LOAD FACTOR RIDER

DOCKET No. E-111/M-16-\_\_\_\_\_

**SUMMARY**

On November 11, 2016, Dakota Electric Association (Dakota Electric or Cooperative) submitted a petition requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Large Load, High Load Factor Rider (LLHLF Rider). The proposed LLHLF Rider would provide a pass-through of targeted wholesale power energy credits to members under specified circumstances.

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
Matthew Schuerger  
John Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

IN THE MATTER OF A  
DAKOTA ELECTRIC ASSOCIATION  
PETITION TO IMPLEMENT A  
LARGE LOAD HIGH LOAD FACTOR RIDER

DOCKET NO. E-111/M-16-\_\_\_\_  
NOVEMBER 11, 2016

**PETITION OF DAKOTA ELECTRIC ASSOCIATION**

**I. Introduction**

Dakota Electric Association (Dakota Electric or Cooperative) submits the following Petition requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Large Load, High Load Factor Rider (LLHLF Rider). The proposed LLHLF Rider would provide a pass-through of targeted wholesale power energy credits to members under specified circumstances.

**II. Filing Requirements**

Pursuant to Minn. Stat. § 216B.16, subd. 1 and Minn. Rule 7829.1300, Dakota Electric provides the following required general filing information.

**1. Summary of Filing (Minn. Rule 7829.1300, subp.1)**

A one paragraph summary accompanies this Petition.

**2. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)**

Pursuant to Minn. Rules 7829.1300, subp. 2, Dakota Electric eFiles this Petition on the Minnesota Department of Commerce – Division of Energy Resources and the Office of Attorney General – Residential Utilities and Antitrust Division.

**3. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))**

Dakota Electric Association  
4300 220th Street West  
Farmington, MN 55024  
(651) 463-6212

**4. Name, Address and Telephone Number of Utility Attorney (Minn. Rule 7829.1300, subp. 4(B))**

Eric F. Swanson  
Winthrop & Weinstine  
225 South Sixth Street, Suite 3500  
Minneapolis, Minnesota 55402-4629

**5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))**

This Petition is being filed on November 11, 2016. Minn. Rule 7825.3200 requires that utilities serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. The proposed Large Load, High Load Factor Rider will take effect upon Commission approval.

**6. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp.4(D))**

This Petition is made pursuant to Minn. Stat. § 216B.16. Dakota Electric's proposed Large Load, High Load Factor Rider falls within the definition of a "Miscellaneous Tariff Filing" under Minn. Rules 7829.0100, subp. 11. Minn. Rules 7829.1400, subp. 1 and 4 specify that comments in response to a miscellaneous filing be filed within 30 days, and reply comments be filed no later than 10 days from the expiration of the original comment period.

**7. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))**

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### **8. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 4(F))**

The proposed Large Load, High Load Factor Rider will provide a pass-through of energy credits from the Cooperative's wholesale power supplier to members who meet specified qualifying criteria. The Large Load, High Load Factor Rider will not affect the recovery of distribution service costs or rates to any other members.

The additional information required under Minn. Rule 7829.1300, subp. 4(F) is included throughout this Petition.

## **III. Petition**

### Background

Dakota Electric's wholesale power supplier is Great River Energy (Great River or GRE). Dakota Electric purchases wholesale power from GRE under the terms and conditions of a wholesale rate structure that includes charges for transmission, capacity and energy service. Great River has also implemented special rate riders to facilitate programs such as load management for a variety of end-uses, options to acquire renewable energy, and mechanisms to coordinate service to distributed generation and qualifying facilities. Dakota Electric coordinates the wholesale rates and special rate riders from GRE with our local distribution service to provide vertically integrated retail service to our members.

### Proposed Large Load, High Load Factor Rider

Dakota Electric proposes to implement a Large Load, High Load Factor Rider to facilitate the pass-through of a wholesale energy credit that GRE offers for retail loads that meet certain qualifying thresholds. Following is a description of the wholesale Large Load, High Load Factor rate from GRE and a review of Dakota Electric's proposed LLHLF Rider.

#### *1. GRE Large Load, High Load Factor Rate*

Great River Energy offers a Large Load, High Load Factor Rate (designated as Special Rate Rider O). The LLHLF Rate is available to all-requirements distribution system members (like Dakota Electric) to apply to the consumption/bills of specified large retail

loads. The LLHLF Rate recognizes that members with load factors that are higher than the system average help to provide a proportionately higher utilization of bulk power supply assets over an annual period. And, the average wholesale power rate per kWh would be lower if there was a higher load factor (utilization) of these power system assets. GRE's Special Rate Rider O reflects this overall load factor relationship and impact by offering credits in three identified load factor tier levels.

The eligibility criteria for, and application of, the GRE Large Load, High Load Factor Rate include:

- The retail member must receive all power (100%) from a GRE all-requirements distribution cooperative member. On-site generation is not allowed.
- The retail member shall not receive a credit under both the LLHLF rate and any other load management program.
- The retail member's qualifying load at an individual site must achieve a Non-Coincident Peak Demand (NCPD) of at least 1,000 kW in any period of sixty (60) consecutive minutes at least one time in the preceding 12-month period.
  - NCPD shall be the highest actual metered demand and not an estimated, average or calculated value.
- The retail member's qualifying load must have an Annual Non-Coincident Load Factor (ANCLF) in the preceding 12-month period that is greater than or equal to 62%.
  - All Load Factor calculations shall be based only on the individual retail member's actual demand and energy recorded during the preceding twelve (12) months at an individual site.
  - No adjustments shall be made for any load management programs, abnormal weather, retail member load anomaly, or retail member growth (expected or actual).
- New metered loads with less than twelve (12) months of actual load data may substitute a Partial-Year Non-Coincident Load Factor (PNCLF) for the ANCLF qualification requirement, only during the first eleven (11) months of electric service.
  - If a retail member has a significant expansion of load at the site and the retail member's NCPD increases by more than 50% over the previous year's average monthly Peak Demand, then the retail member shall have the ability to use the PNCLF as the basis for the credit that applies to the entire retail member load.
  - Once a retail member "resets" the load factor calculation and begins using the PNCLF, the retail member may not revert to the historical ANCLF for the next 11 months.
  - Transfer of ownership alone does not qualify load to be considered "new".
- The all-requirement distribution cooperative shall notify GRE, in writing, of how many retail members qualify for the LLHLF credit.

- No loads will qualify for the LLHLF credit retroactively. All qualifications must be completed and reported to GRE by the third (3<sup>rd</sup>) working day of each month for qualification in the previous month.
- The all-requirement distribution cooperative will receive a monthly credit for the eligible energy (kWh) used by qualifying loads. The monthly credit rate will be based on:
  - The ANCLF calculated using the preceding 12-month load data described above, or
  - The PNCLF calculated using the preceding month load data as described above if, and only if, qualifying load has less than twelve (12) months of actual meter data.
- Qualifying loads may move between Tiers monthly based on a changing ANCLF (or PNCLF). Credits will be issued, as contained the applicable special rate rider, for the following tiers:

<b>Tier</b>	<b>ANCLF / PNCLF</b>
1	62.00 % to 74.99%
2	75.00% to 89.99%
3	90.00 % to 100.00 %

## 2. *Proposed LLHLF Rider*

Dakota Electric’s proposed LLHLF Rider is shown on the attached tariff sheets identified as Section V, Sheets 58.2 and 58.3. Main features of Dakota Electric’s proposed LLHLF Rider include:

- Available to Commercial and Industrial members receiving service under Schedules 46 and 54 that have electric load at an individual site that meets the qualifying demand and load factor thresholds of the Association’s wholesale power supplier.
- Qualifying loads may move between load factor tiers monthly.
- Dakota Electric must supply all (100%) of the member’s electric requirements. On-site generation is not allowed.
- The member will not receive a credit under both the LLHLF rate and any other load management program.
- The member’s qualifying load at an individual site must achieve a Non-Coincident Peak Demand (NCPD) of at least 1,000 kW in any period of sixty (60) consecutive minutes at least one time in the preceding 12-month period.
- The member’s qualifying load at an individual site must have an Annual Non-Coincident Load Factor (ANCLF) in the preceding 12-month period that is greater than or equal to 62%.
- New metered loads with less than twelve (12) months of actual load data may substitute a Partial-Year Non-Coincident Load Factor (PNCLF) for the ANCLF qualification requirement, only during the first eleven (11) months of electric service.

- Transfer of ownership alone does not qualify load to be considered “new”.
- No loads will qualify for the LLHLF credit retroactively. Monthly calculations will be made for qualification in the previous month.
- Dakota Electric will automatically adjust the LLHLF credit provided to members to pass through any future changes made by its wholesale power supplier, Great River Energy.
- Finally, Dakota Electric will track the wholesale power costs associated with all Large Load High Load Factor credits that are provided to individual members. The LLHLF credits will flow through directly to qualifying members. These LLHLF credits will also lower the Cooperatives overall reported wholesale power costs. To avoid a double crediting of these LLHLF credits – once to the individual member and a second time to all members through lower wholesale power costs – the LLHLF credits will be accounted for in the Resource and Tax Adjustment annual filing to the Minnesota Public Utilities Commission like other wholesale pass-through rates.

#### **IV. Conclusion**

Based on the information provided in this filing, Dakota Electric requests Commission approval of the proposed Large Load, High Load Factor Rider.

If you or your staff have any questions regarding this petition, please contact me at (651) 463-6258.

Dated: November 11, 2016

Respectfully Submitted,

*/s/ Douglas R. Larson*

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Douglas R. Larson  
Vice President of Regulatory Services  
Dakota Electric Association  
4300 220<sup>th</sup> Street West  
Farmington, MN 55024  
651-463-6258



**Certificate of Service**

I, Cherry Jordan, hereby certify that I have this day served copies of the attached document to those on the following service list by e-filing, personal service, or by causing to be placed in the U.S. mail at Farmington, Minnesota.

**Docket No. E-111/M-16-\_\_\_**

Dated this 11th day of November, 2016

*/s/ Cherry Jordan*

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Cherry Jordan

## LARGE LOAD HIGH LOAD FACTOR RIDER

### Availability

Available to Commercial and Industrial members receiving service under Schedules 46 and 54 that have electric load at an individual site that meets the qualifying demand and load factor thresholds of the Association's wholesale power supplier.

### Rate

Standard service rate provisions for Schedules 46 and 54 apply, except that a discount will be applied to the member's monthly bill based on the member's calculated load factor. Qualifying loads may move between load factor tiers monthly based on a changing ANCLF (or PNCLF). Credits will be issued monthly for the following load factor tiers:

Tier	ANCLF / PNCLF
1	62.00 % to 74.99%
2	75.00% to 89.99%
3	90.00 % to 100.00 %

### Terms and Conditions of Service

1. Dakota Electric must supply all (100%) of the member's electric requirements. On-site generation is not allowed.
2. The member will not receive a credit under both the LLHLF rate and any other load management program.
3. The member's qualifying load at an individual site must achieve a Non-Coincident Peak Demand (NCPD) of at least 1,000 kW in any period of sixty (60) consecutive minutes at least one time in the preceding 12-month period.
  - a. NCPD shall be the highest actual metered demand and not an estimated, average or calculated value.
4. The member's qualifying load at an individual site must have an Annual Non-Coincident Load Factor (ANCLF) in the preceding 12-month period that is greater than or equal to 62%.
  - a. All Load Factor calculations will be based only on the individual member's actual demand and energy recorded during the preceding twelve (12) months at an individual site.
  - b. No adjustments will be made for any load management programs, abnormal weather, member load anomaly, or member growth (expected or actual).

LARGE LOAD HIGH LOAD FACTOR RIDER  
(Continued)

5. New metered loads with less than twelve (12) months of actual load data may substitute a Partial-Year Non-Coincident Load Factor (PNCLF) for the ANCLF qualification requirement, only during the first eleven (11) months of electric service.
  - a. If a member has a significant expansion of load at the site and the member's NCPD increases by more than 50% over the previous year's average monthly Peak Demand, then the member shall have the ability to use the PNCLF as the basis for the credit that applies to the entire member load.
  - b. Once a member "resets" the load factor calculation and begins using the PNCLF, the member may not revert to the historical ANCLF for the next 11 months.
  - c. Transfer of ownership alone does not qualify load to be considered "new".
6. No loads will qualify for the LLHLF credit retroactively. Monthly calculations will be made for qualification in the previous month.
7. Dakota Electric will automatically adjust the LLHLF credit provided to members to pass through any future changes made by its wholesale power supplier.
8. The Association will track the wholesale power costs associated with all Large Load High Load Factor credits and account for the credits in the Resource and Tax Adjustment filings to the Minnesota Public Utilities Commission like other wholesale power pass-through rates. This will ensure that the credits Dakota Electric receives from its wholesale power supplier are not double-counted.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street Farmington, MN 550249583	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List