



Marcia A. Podratz
Director, Rates
218-355-3570
mpodratz@mnpower.com

April 23, 2015

VIA ELECTRONIC FILING

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

RE: Comments
Electric Vehicle Charging Tariff
Docket No. E015/M-15-120

Dear Mr. Wolf:

Minnesota Power hereby electronically submits the attached Comments in response to the Minnesota Public Utilities Commission's Notice of Comment Period dated February 10, 2015.

Please contact me at the number above if you have any questions regarding this filing.

Yours truly,

Marcia A. Podratz

MAP:sr
Attach.
cc: Service List

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Electric Vehicle Charging Tariffs

**Docket No. E015/M-15-120
MINNESOTA POWER
REPLY COMMENTS**

I. INTRODUCTION

Minn. Stat. § 216B.1614 requires each public utility selling electricity at retail to file a tariff that allows a customer to purchase electricity solely for the purpose of recharging an electric vehicle. Minnesota Power (“Company”) is seeking approval of a new Residential Off-Peak Electric Vehicle Service tariff (“Electric Vehicle Tariff”), which was filed with the Minnesota Public Utilities Commission (“Commission”) on February 2, 2015¹ and was based on a combination of the Company’s existing Residential Controlled Access Electric Service rate and aspects of the Company’s Rider for Residential/General Service Renewable Energy (“Renewable Energy Rider”).

II. GENERAL COMMENTS

Minnesota Power is interested in discussing and learning more about options related to electric vehicle (“EV”) rate structures and methodologies. Prior to this proceeding the Company had initiated and continues to operate an internal group which monitors related topics such as: EV sales, technology developments, charging station opportunities and internal uses for EVs. The Company’s findings thus far indicate that electric vehicle saturation in Northern Minnesota is low. The Company believes that its support of local public EV charging stations would be more effective at encouraging EV adoption and use in this area rather than simply offering a discounted off-peak charging rate. As established in Appendix A of its 2014 Consent Decree² with the U.S. Environmental Protection Agency (“EPA”) and the Minnesota Pollution Control Agency (“MPCA”), the Company has elected to submit a Project Plan to EPA for review and approval in which Minnesota Power shall partner with MPCA to install EV charging stations in Northern Minnesota. The project value is \$500,000 for the installation and implementation of electric vehicle charging stations across Northern Minnesota.

¹ MPUC Docket No. E015/M-15-120
²United States of America et al v. ALLETE, Inc., d/b/a Minnesota Power
U.S. District Court for the District of Minnesota, Case No.: 0:14-cv-2911-ADM-LIB
USAO File Number 2014v00269
DOJ Case Number 90-5-2-1-09683

III. COMMENTS ON TOPICS IN COMMISSION NOTICE

On Tuesday, February 10, 2015, the Commission issued a Notice of Comment Period on Electric Vehicle Charging Tariffs (“Notice”).³ Focusing primarily on the Company’s proposed Electric Vehicle Tariff, Minnesota Power respectfully submits its Reply Comments in response to the initial comments filed in Minnesota Power’s Docket and the Notice’s six topics open for comment.

Are the proposed tariffs in compliance with the EV tariff legislation?

Minnesota Power has reviewed the proposed EV rates submitted by Xcel Energy (“Xcel”)⁴ and Otter Tail Power Company (“Otter Tail”).⁵ The Company’s proposed Electric Vehicle Tariff⁶ is similar to the proposed tariffs submitted by Xcel and Otter Tail, and all proposed tariffs are in compliance with the EV tariff legislation. In its April 13, 2015 Initial Comments, the Minnesota Department of Commerce, Division of Energy Resources (“Department”) agreed with, and recommended approval of, the Company’s, Xcel Energy’s and Otter Tail’s proposed tariffs.

Should the hours designated as on- and off-peak be the same for all utilities?

At a statewide market level, it may be desirable for all Minnesota utilities to use the same on- and off-peak time periods. However, hours designated as on- and off-peak used for each utility’s Electric Vehicle Tariff should be consistent with existing and approved rates used by the utility. The Company’s peak hours are a product of approved historic rate design, and making all on- and off- peak hours the same for all utilities would deviate from that. Also, each customer site is served by only one utility, given existing service territory laws, meaning rates and hours are dependent on each utility’s tariffs. In addition, the Department concluded that uniformity is not necessary by noting how each utility has different load characteristics. The Department specifically cited Minnesota Power’s high concentration of large industrial customers as an example why peak hours may differ.⁷ The Company proposes to keep on- and off-peak times for this tariff aligned with the existing Residential Controlled Access Electric Service rate. In Initial Comments in this docket, Fresh Energy and Minnesota Center for Environmental Advocacy (“Environmental Interveners”) recommended⁸ that Minnesota Power should adopt the same “nights, weekends and holidays” hours for off-peak charging as Xcel. The Company believes the administrative costs associated with this change are not warranted at this time based on the low saturation of EVs in its service territory. The Company would be open to revisiting this when and if EVs become more popular in this area. As mentioned in the General Comments section of these comments, promoting public charging stations would be a better way for the Company to incentivize EV adoption in Northern Minnesota.

3 MPUC Docket No. : E002/M-15-111, E017/M-15-112, E015/M-15-120. The deadline for submitting initial comments was subsequently delayed to April 13, 2015.

4 MPUC Docket No. E002/M-15-111

5 MPUC Docket No. E017/M-15-112

6 MPUC Docket No. E015/M-15-120

7 MPUC Docket No. E015/M-15-120 Initial Comments dated April 15, 2015, page 2.

8 MPUC Docket No. E015/M-15-120, Initial Comments dated March 12, 2015, page 3.

The EV tariff legislation requires utilities to provide a renewable-sourced electricity option; how should this rate be calculated?

The Company's proposed renewable energy surcharge is based on the approved figure used in its existing Renewable Energy Rider. The additional surcharge for the renewable-sourced electricity option proposed by the Company is 2.5¢ per kWh. The surcharge amount was determined using a formula which calculated the renewable (wind) power cost premium over Company's system average power supply cost. Additionally, replacement power supply costs, incremental delivery, and incremental administration costs (e.g., marketing) were considered and are further detailed in the Company's initial filing of the Renewable Energy Rider.⁹ Environmental Interveners recommend¹⁰ that the Commission order a new analysis of an all-renewable option for this tariff based on a modern wind turbine on the best available site. Minnesota Power has constructed its Bison wind projects to comply with Minnesota's Renewable Energy Standard for the benefit of all customers, and to carve out existing wind projects compromises Minnesota Power's ability to comply with state law. Furthermore, the Commission has held in 2004 that Green Pricing programs cannot count toward Minnesota's then Renewable Energy Objective.¹¹ The Department also cited this precedent and noted using existing green pricing programs is administratively simpler and helps to ensure double counting of renewable energy credits will not occur. The Company believes a new renewable energy program is not needed solely for the Electric Vehicle Tariff at this time based on EV saturation levels in its service territory. If an analysis such as this were to be completed, the Company believes it should consider the complete mix of all renewable resources, including hydro and biomass, in the Company's portfolio, and not be limited to wind. It is also not clear that newer renewable resources would necessarily be less expensive than the wind purchase used for Minnesota Power's existing Renewable Energy Rider.

Will a separate meter or sub-meter be necessary to implement the EV tariffs? If so, how should the cost of the meter be calculated and incorporated into rates?

The Company's proposed monthly service charge of \$4.25 is based on analysis of the components of residential monthly customer costs completed during the Company's 2009 rate case.¹² The Electric Vehicle (EV) tariff proposed by Minnesota Power will require a separate meter, as it is energy that must be measured and billed¹³ at a separate rate from the other applicable tariff for a given customer. Minnesota Power's tariffs and service regulations do not provide for sub-metering or subtractive metering and such configurations have resulted in customer service issues in the past. In its 2009 rate case, Minnesota Power calculated the total fixed monthly cost of serving a residential customer to be \$23.25. Of this, \$4.24 is attributed to meter costs. The remainder of the \$23.25 includes primary and secondary distribution system and customer service costs, which theoretically should be recovered through the existing

9 MPUC Docket No. E015/M-01-897

10 MPUC Docket No. E015/M-15-120, Initial Comments dated March 12, 2015, pages 3-4.

11 MPUC Docket No. E999/CI-03-869, Order After Reconsideration dated August 13, 2004, pages 6-9.

12 MPUC Docket No. E015/GR-09-1151, as shown in Attachment D in the Company's initial filing in MPUC Docket No. E015/M-15-120

13 Consistent with the requirement to report the total number of customers and the electricity sold under the tariff

monthly service charge for standard residential service. Based on the Commission decision in the 2009 rate case, the Residential Controlled Access rate was allowed an \$8.00 monthly service charge to match the standard residential rate monthly service charge. For the EV tariff, Minnesota Power attempted to strike a balance between recovering the cost of providing service and keeping the EV rate attractive for the limited amount of usage expected for the sole purpose of EV charging. Although there is no difference in metering costs, because typical customer usage on the EV tariff will likely be less than usage on the Residential Controlled Access Electric Service tariff, there will be less energy charge savings to offset the additional monthly service charge. Setting the monthly service charge at the rounded value of \$4.25 keeps the Company in line with other Minnesota utilities' proposals, allows for the recovery of costs related to metering or sub-metering as required by Minn. Stat § 216B.1614, subd. 2(c)(4), and serves as an incentive for customers to adopt the EV tariff over the standard residential rate or Controlled Access Electric Service tariff. Furthermore, the Department reviewed Minnesota Power's proposed Electric Vehicle Tariff, including the Company's support for its monthly service charge, and found it to be reasonable.¹⁴

How frequently should the utilities be required to report on EV tariff participation?

The Company proposes to submit to the Commission, on an annual basis, a report containing the following:

1. The number of customers served under the Electric Vehicle Tariff;
2. The total kWh sold under the tariff¹⁵; and
3. The average kWh per customer used under the tariff.

In addition, if applicable in the future, the Company agrees with the Department's recommendation to include a description and accounting of development and promotion costs.¹⁶ The annual report would be submitted by June 1 each year and would contain quarterly data for the previous year. This would ensure final data from the Company's FERC Form No. 1, which is completed in mid-April each year, would be available for preparation of the report.

What, if any, additional information should the Commission require in utilities' EV tariff reports?

The Company believes the information provided in the proposed annual report will be sufficient for the Commission to evaluate the levels of performance and participation for the proposed Electric Vehicle Tariff.

¹⁴ MPUC Docket No. E015/M-15-120, Department Comments dated April 13, 2015, pages 4-5.

¹⁵ Note that all energy usage would be off-peak under Minnesota Power's proposed tariff.

¹⁶ MPUC Docket No. E015/M-15-120, Department Comments dated April 13, 2015, page 7.

IV. CONCLUSION

Minnesota Power appreciates the opportunity to submit these written comments to the Commission. The Company plans to continue to be engaged with all aspects related to this topic through discussion with the Commission and other stakeholders.

Dated: April 23, 2015

Respectfully submitted,



Marcia A. Podratz
Director - Rates
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 355-3570
mpodratz@mnpower.com

STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Susan Romans of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 23rd day of April, 2015, she served Minnesota Power's Comments in Docket No. E015/M-15-120 to the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. Minnesota Power's General Service List was served and any paper copies requested were sent via U.S. Mail.



Susan Romans

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	OFF_SL_15-120_Official
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_15-120_Official
Leigh	Currie	lcurrie@mncenter.org	Minnesota Center for Environmental Advocacy	26 E. Exchange St., Suite 206 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_15-120_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_15-120_Official
Margaret	Hodnik	mhodnik@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_15-120_Official
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_15-120_Official
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-120_Official
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_15-120_Official
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-120_Official
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	Yes	OFF_SL_15-120_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_15-120_Official
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_15-120_Official
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_15-120_Official
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_15-120_Official
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-120_Official
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_15-120_Official
Marcia	Podratz	mpodratz@mnpower.com	Minnesota Power	30 W Superior S Duluth, MN 55802	Electronic Service	No	OFF_SL_15-120_Official
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	OFF_SL_15-120_Official
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_15-120_Official
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-120_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Karen	Turnboom	karen.turnboom@newpagecorp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	OFF_SL_15-120_Official
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_15-120_Official