



Your Touchstone Energy® Partner 

April 10, 2017

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

**Re: Dakota Electric Association Reply Comments in  
Petition to Implement a Contract Rate Service  
Docket No. E-111/M-17-180**

Dear Mr. Wolf:

On March 2, 2017, Dakota Electric Association (Dakota Electric or Cooperative) submitted a Petition in the above-referenced docket requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Contract Rate Service. The proposed Contract Rate Service would provide a framework for seeking possible future Commission approval of individual contract rates for very large commercial and industrial consumers under specified circumstances.

On March 31, 2017, the Minnesota Department of Commerce (Department or DOC) submitted comments recommending Commission approval of the Contract Rate Service.

Dakota Electric Reply Comments

The Department's specific recommendation in March 31 Comments states:

“The Department recommends that Commission approve the Petition. For clarity the Department notes that when specific rates are reviewed, to comply with the Competitive Rate Statute Dakota will have to provide information demonstrating:

- that the contract rates are not less than the price of the competitive energy supplies available to the member; and
- Dakota’s consideration of environmental and socioeconomic impacts.”

Dakota Electric concurs with the Department recommendation to approve the Contract Rate Service.

Dakota Electric will provide information demonstrating that we considered environmental and socioeconomic impacts in future filings seeking approval of a Contract Rate Service.

Regarding contract rates compared to the price of competitive energy supplies, Dakota Electric notes that there are two general circumstances that could be encountered. In the first circumstance, Dakota Electric could be serving an existing member that meets the qualifying criteria for Contract Rate Service. That member could approach the Cooperative indicating that they are able to relocate a facility or shift load to another location that is not regulated by the Commission where energy prices are lower than they are presently being charged. In such circumstances, Dakota Electric would require documentation of the competing energy price and could provide the information identified by the Department. In the second circumstance, Dakota Electric could be asked to provide a contract rate (indicative price) to a consumer that is considering locating in our service area and may be evaluating any number of other sites. In these circumstances, Dakota Electric would not know the energy price(s) available in other area(s) – or whether other areas were even being considered. In such cases Dakota Electric would not know the price of competitive energy supplies. We would simply be offering a contract price based on a pass-through of wholesale power costs provided by our wholesale power supplier along with Dakota Electric’s distribution component. In this second circumstance we would not be able to demonstrate or document that the contract service is not less than the price of competitive energy supplies.

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

Sincerely,

*/s/ Douglas R. Larson*

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