

July 24, 2017

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E016/GR-17-506

Dear Mr. Wolf:

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

Northwestern Wisconsin Electric Company's petition for authority to increase its Minnesota electric rates to conform to newly approved Wisconsin rates and rules.

The Petition was filed on June 26, 2017 by:

David M. Dahlberg  
President  
Northwestern Wisconsin Electric Company  
104 S. Pine Street  
P.O. Box 9  
Grantsburg, WI 54880-0009

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** the petition and is available to answer any questions the Commission may have.

Sincerely,

/s/ CHARLES AMEVO  
Financial Analyst

CA/lt  
Attachment



## Before the Minnesota Public Utilities Commission

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

Docket No. E016/GR-17-506

#### I. BACKGROUND INFORMATION

On June 26, 2017, Northwestern Wisconsin Electric Company (NWE or the Company) filed a request to increase its Minnesota electric rates and make corresponding changes to its tariff to conform to the recent decisions of the Public Service Commission of Wisconsin.<sup>1</sup> In addition, the Company requests a variance to the paragraphs of the Minnesota Rules concerning filing requirements for rate applications, and to Minn. Rules 7820.550, subp. 2 regarding late payment charges.

The last time NWE filed a rate case in Minnesota was March 4, 2013 in Docket No. E016/GR-13-167. At that time, the Company requested a decrease in rates. NWE also requested the same rule variances as it is requesting in the instant proceeding. Through its April 25, 2013 Order, the Minnesota Public Utilities Commission (Commission) approved NWE's requests.

#### II. SUMMARY OF THE FILING

NWE is an investor-owned electric utility providing service to 13,584 customers in Wisconsin, 103 customers in Minnesota, and wholesale service to a municipally-owned electric utility in Wisconsin. As noted above, on June 20, 2017 the Wisconsin Public Service Commission (PSC) issued a final order authorizing NWE to increase its electric rates by 3.16 percent based on the numbers resulting from the test year ended December 31, 2016.

The proposed rate change is summarized in the table below:

	Average monthly kWh usage	Current monthly cost	Proposed monthly cost	Approximate increase/decrease
Residential	409	\$55.99	\$58.44	4.37%
Rural	489	\$68.69	\$70.04	1.96%
Commercial	724	\$101.41	\$100.43	(0.96%)

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<sup>1</sup> See the Public Service Commission of Wisconsin's June 20, 2017 Order No. 4280-ER-106 included in the Petition.  
85 7th Place East - Suite 280 - Saint Paul, MN 55101 | P: 651-539-1500 | F: 651-539-1547

NWE requests a variance to the following Minnesota rules regarding general rate case procedure and information requirements:

- 7825.3500C Description and Purpose of Change in Rates
- 7825.3900 Jurisdictional Finance Summary Schedule
- 7825.4000 Rate Base Schedules
- 7825.4100 Operating Income Schedules
- 7825.4200 Rate of Return, Cost of Capital Schedule
- 7825.4300C Procedures for Cost and Revenue Allocations
- 7825.4400A Annual Report
- 7825.4400B Schedule Showing Development of Income

In addition, the Company requests a variance to Minn. Rule 7820.5500, subp. 2, which states that:

The utility shall not assess a late payment charge until the delinquent amount exceeds \$10.

NWE stated that it believes excluding the first \$10 amount is an excessive administrative burden, because it would require the Company to apply a different late payment criterion to its 103 Minnesota customers than is applied to its 13,584 Wisconsin customers.

Finally, NWE requested that the wavier be granted in Docket No. E016/AA-92-1187 regarding the methodology for automatic adjustments (Power Cost Adjustment Clause) be authorized.

NWE included a copy of a Rate Increase Notice it proposed to mail to all its Minnesota customers with their bills scheduled to mail July 19, 2017. The Company stated it will not implement the new rates until it has received an order from the Commission.

### **III. DEPARTMENT ANALYSIS**

Minn. Stat. §216B.16 sets forth the Commission's authority and the procedures for changing rates. Minn. §216B.16, subd. 12a, exempts small electric utility franchises from the rate change procedures provided that,

- (a) An electric utility, operating as such in a bordering state and having fewer than 200 customers in Minnesota, is exempt from this section if the utility:
  - (1) charges Minnesota customers the same rates as those charged to customers in the bordering state;

- (2) provides 60-day notice to the commission of rate increases for its Minnesota customers;
  - (3) provides individual, written notice of rate increases to its Minnesota customers;
  - (4) provides the commission with schedules of rates and tariffs charged in the bordering state and revenues by class under the former and proposed rates; and
  - (5) maintains an up-to-date tariff book with the department.
- (b) The commission may initiate an investigation under section 216B.17, on its own motion or upon customer complaint with respect to the utility's rates and practices in Minnesota.

With a total of 103 Minnesota customers, NWE's customer total meets the criterion for an exemption under Minn. Stat. §216B.16, subd. 12a (a) of having a maximum of 200 Minnesota customers. In addition, NWE has provided copies of its Wisconsin rates and tariffs, provided the Commission with 60-day notice of the proposed increase, and stated that upon Commission approval, the Company will submit new tariff pages to update its tariff book.

The Department concludes that NWE's filing meets the requirements to be exempt from the requirements of Minn. Stat. §216B.16. In addition, the Department concludes that because the Company is exempt from Minn. Stat. §216B.16, it is also exempt from the filing requirements for a rate change set forth in Minn. Rules 7825.3100 to 7825.4500. Consequently, the Commission does not need to grant a variance to Minn. Rules 7825.3500C to 7825.4400B as requested by NWE. The Department's position that a variance is unnecessary is consistent with the Commission's April 25, 2013 Order in NWE's last rate case filing (Docket No. E016/GR-13-167).

Similarly, the Commission does not need to address the issue of the waiver granted in Docket No. E016/AA-92-1187 regarding the methodology for calculating automatic adjustments through the Power Cost Adjustment Clause, since the exemption from the requirements of Minn. Stat. §216B.16 also exempts NWE from the requirements of Minn. Rules pts. 7825.2400 (specifying the methodology for calculating automatic adjustments).

With respect to the variance to Minnesota Rule 7820.5500, subp. 2 for late payment charges, Minnesota Rule 7830.4400 allows the Commission to grant a variance to its rules under the following conditions:

- Enforcement of the rule would impose an excessive burden on the applicant or others affected by the rule;

- Granting the variance would not adversely affect the public interest; and
- Granting the variance would not conflict with standards imposed by law.

Minnesota Rule 7820.5500, subp. 2 prohibits assessment of a late payment charge unless the delinquent amount exceeds \$10. NWE proposed to charge no more than 1 percent per month to billed amounts not paid within 20 days from the bill issuance date.

The Department recommends approval of the requested variance to Minn. Rules 7820.5500, subp. 2. Enforcement of the Commission's rule would impose an excessive administrative burden on the Company by requiring it to apply different late payment criterion to its 103 Minnesota customers than to its 13,584 Wisconsin customers. Moreover, since NWE proposed that there be no minimum late payment charge for its Minnesota customers, imposition of any late payment charge would always be proportional to the amount in arrears, thus the public interest would not be adversely affected. Finally, granting the variance would not conflict with any standards imposed by law. The Department's recommendation is consistent with the Commission's April 25, 2013 Order in NWE's last rate case (Docket No. E016/GR-13-167.)

#### **IV. RECOMMENDATION**

The Department recommends the Commission approve Northwestern Wisconsin Electric Company's proposed change in rates and grant the requested variance to Minn. Rule 7820.5500, subp. 2.

/lt

## **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  
Comments**

**Docket No. E016/GR-17-506**

**Dated this 24<sup>th</sup> day of July 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_17-506_GR-17-506
Tanner	Blair	tanner.blair@wisconsin.gov	Public Service Commission	PO Box 7854  Madison, WI 53707-7854	Electronic Service	No	OFF_SL_17-506_GR-17-506
John	Carlson	N/A	Pine County	Pine County Courthouse 635 Northridge Dr NW 200 Pine City, MN 55063	Paper Service Ste	No	OFF_SL_17-506_GR-17-506
Linda	Chavez	linda.chavez@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 55101-2198	Electronic Service	No	OFF_SL_17-506_GR-17-506
David	Dahlberg	davedahlberg@nweco.com	Northwestern Wisconsin Electric Company	P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009	Electronic Service	No	OFF_SL_17-506_GR-17-506
Beverly L.	Dahlberg	bev Dahlberg@nweco.com	Northwestern Wisconsin Electric Co.	104 South Pine Street P O Box 9 Grantsburg, WI 548400009	Electronic Service	No	OFF_SL_17-506_GR-17-506
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Mark	LeBrun	N/A	Pine County Courthouse	635 Northridge Dr NW Ste 200  Pine City, MN 55063	Paper Service	No	OFF_SL_17-506_GR-17-506

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John	Richards	johnrichards@nweco.com	Northwestern Wisconsin Electric Company	104 S. Pine St.  Grantsburg, WI 54840	Electronic Service	No	OFF_SL_17-506_GR-17-506
Larry O.	Stotz, CPA	N/A	Stotz & Company	210 S. Oak St.  Grantsburg, WI 54840	Paper Service	No	OFF_SL_17-506_GR-17-506
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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_17-506_GR-17-506



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David	Dahlberg	davedahlberg@nweco.com	Northwestern Wisconsin Electric Company	P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009	Electronic Service	No	SPL_SL_17-506_Initial Mailing
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Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	SPL_SL_17-506_Initial Mailing
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Alex	Mahfood	Alex2.mahfood@wisconsin.gov	Public Service Commission	PO Box 7854  Madison, WI 53707-7854	Electronic Service	No	SPL_SL_17-506_Initial Mailing
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William	Williams	bwilliams@bmlawyers.com	Bell Moore & Richter SC	345 W. Washington Avenue  Suite 302 Madison, WI 53703	Electronic Service	No	SPL_SL_17-506_Initial Mailing

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