

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

DOCKET NO: E148, E228/SA-14-824

IN THE MATTER OF A JOINT REQUEST OF THE DELANO WATER, LIGHT, AND POWER COMMISSION AND WRIGHT-HENNEPIN COOPERATIVE ELECTRIC ASSOCIATION TO MODIFY ELECTRIC SERVICE TERRITORY BOUNDARIES

COMMENTS OF DELANO WATER, LIGHT, AND POWER COMMISSION

SYNOPSIS

Delano Water, Light, and Power Commission (“Delano”) provides these comments in response to the Minnesota Public Utilities Commission (“Commission’s”) December 10, 2014 request for comments, in response to a residential customer’s concerns filed on December 5, 2014. In short, Delano wishes to encourage energy efficiency efforts and to accommodate its customers. Delano has taken steps to resolve this customer’s concerns and to address customers who are similarly situated. Delano respectfully requests that the Commission proceed with the joint request of Delano and Wright-Hennepin Cooperative Electric Association to modify their respective electric service territory boundaries.

BACKGROUND

Delano and Wright-Hennepin filed a joint request to modify their electric service territory boundaries on September 26, 2014. The request involved approximately 181

general service or residential customers, one small commercial customer, 24 street lights, and two cable TV boosters. Joint Petition, Sept. 26, 2014. Delano provided notice to the affected customers in a letter dated and delivered on October 28, 2014.

The Department of Commerce reviewed the filing and recommended approval. Department Comments, Nov. 12, 2014. On December 5, 2014, comments were filed by one residential customer affected by the transfer. The comments stated that the customer had participated in Wright-Hennepin off-peak air conditioner and water heater programs, which off-peak programs would not be available through Delano. The customer stated that she invested \$4,000 to install the equipment to participate in this program. The customer also raised a concern about potential damage to her home in the transfer of electric service. The December 5th filing was the first communication that Delano had received about these concerns. Affidavit of Hal Becker, General Manager of Delano (“Becker Affdvt.”), ¶ 2.

Delano provided a written response to the customer on December 8, 2014. Becker Affdvt., ¶ 2; Ex. A. The response noted that although Delano did not offer the same off-peak program, the overall rates of Delano were expected to be comparable to and even lower than the customer’s rates with Wright-Hennepin. *Id.* Delano also clarified that the existing electric meter would remain in place. *Id.* The second off-peak meter would be capped so that there would be no damage to siding or the house from removal. *Id.* Mr. Becker asked to arrange a meeting to further answer any questions. *Id.*

On December 11, 2014, Mr. Becker met with the customer and her father to discuss the concerns raised by the customer. Becker Affdvt., ¶ 3. The customer

indicated that her concerns about (1) potential damage to her home, and (2) on-going rates as a future customer of Delano had been satisfactorily resolved. *Id.* She remained concerned about the costs to participate in the off-peak program that exceeded what she believed she would have otherwise paid for these units. *Id.*, ¶ 4. The customer acknowledged that she would have obtained the same type of air conditioner and a different type of hot water heater, at her expense. *Id.*, ¶ 4.

As detailed in Mr. Becker's affidavit, after subtracting the costs paid by Wright-Hennepin as part of its program, Delano analyzed the customer's maximum cost to participate in the off-peak programs, above the amount that she otherwise would pay, to be \$650. Becker Affdvt., ¶¶ 4-6.

Delano wished to address the concern noted by this particular customer, as well as other similarly situated customers, and to continue to encourage energy-efficiency and conservation efforts. *Id.*, ¶ 9. At its December 15, 2014 meeting, Delano established a rebate schedule as part of its conservation improvement program for eligible customers who have installed the highly-efficient Marathon hot water heaters in the period 2007 - 2014 and who otherwise satisfy the applicable criteria. *Id.*, ¶ 10; Ex. B. The rebates range from \$50 - \$750, depending on the year of installation. *Id.* Delano assumed that customers who installed hot water heaters in 2006 or earlier had fully recovered the costs to participate in the off-peak program, with estimated minimum annual savings of \$212. *Id.*

Under the terms of Delano's rebate schedule, the customer at issue would be eligible to receive a rebate in the amount of \$650. *Id.*, ¶ 11. Delano is hopeful that this policy addresses the customer's financial concerns. *Id.*, ¶ 11.

ANALYSIS

I. RESPONSES TO THE COMMISSION'S QUESTIONS.

Delano wishes to respond to the specific questions detailed in the Commission's December 10, 2014 notice.

1. *Are there any other customers similarly situated to the customer who filed comments with the Commission on December 5, 2014?*

Delano has identified a total of thirteen residential customers who participated in the same off-peak water heater and air conditioner programs offered by Wright-Hennepin. Becker Affdvt., ¶ 8. Of these thirteen customers, six customers installed equipment in 2006 or earlier, which should provide sufficient time to recover the equipment costs by benefiting from the reduced off-peak rates over eight or more years. *Id.* In analyzing the savings of these customers, Delano estimated the minimum annual savings per customer to be \$212 under Wright-Hennepin's program. *Id.* Customers who installed the equipment more recently, however, may have not yet recovered those costs. Delano has identified seven residential customers who installed hot water heaters during the period 2007 – 2013. *Id.*

Delano wished to address the concerns of the customer who filed comments, but also similarly situated customers who may not have yet recovered these costs. Delano therefore adopted the policy attached as Exhibit B to the Affidavit of Hal Becker. Under this policy, eligible customers may receive a water heater rebate ranging from \$50 - \$750, depending on the year of installation. Delano assumed that a conservative estimate of the depreciated life of a hot water heater would be eight years. And it assumed that customers who installed hot water heaters in 2006 or earlier had fully

recovered any costs associated with the off-peak program, with estimated minimum annual savings of \$212. *Id.*, ¶ 10.

Delano is willing to work with the Department of Commerce to provide notice to similarly situated customers of this policy and to implement this policy.

2. *What response have the utilities provided to the customer?*

Delano provided the written response dated December 8, 2014, attached as Exhibit A to the Affidavit of Hal Becker. Delano also met with the customer in person on December 11, 2014. Becker Affdvt, ¶ 3. Delano has attempted to contact the customer to discuss Delano's recently-adopted policy. *Id.* at ¶ 11.

3. *Did the customer notice submitted by Delano in the record on November 12, 2014, which stated that 'we do not expect a disruption in your service other than a brief disruption in your electric service during the switch over,' adequately inform the Commission and affected customers?*

Delano respectfully submits that the notice provided to customers was adequate under these circumstances. The notice was intended to inform the affected customers of this proceeding, and to provide the contact information and means to contact the Commission with questions, concerns, and requests for additional information. The customer who had concerns properly raised them in this proceeding. This notice is similar to that provided in other electric service territory matters, which has been deemed acceptable in past cases. Delano understands that Wright-Hennepin provided a separate letter to the affected customers, but Delano does not have a copy.

The notice filed in this matter specifically referred to the transfer of electric service, and the expectation that the service interruption would be minimal. Both utilities have pledged to cooperate fully “in arranging the transfer of service to be as convenient and seamless as possible for the affected customers.” Transfer Agreement, § 1.3. The notice reflects this intent. Although the October 28, 2014 notice did not specifically address rates or off-peak programs, the notice of the Commission’s proceeding typically does not address these matters. Going forward, Delano will certainly be mindful of potential programs and will cooperate in notifying customers as to changes in programs.

As noted above, Delano is willing to work with the Department of Commerce to provide notice to similarly situated customers of its recently-adopted policy and to implement this policy.

4. *Any other relevant issues.*

Delano notes that it has worked expeditiously to address the concerns identified by the customer in the December 5, 2014 filing, including identifying similarly situated customers, determining an appropriate course to recognize the energy savings to benefit its new customers, and adopting its policy. Delano also notes that, to the degree the Commission wishes to address particular programs and rates, Delano’s overall rates under these circumstances are competitive, even without a specific off-peak program. Delano prides itself on working well with its customers, and fully expects to provide excellent customer service to all of its customers, including those affected by the joint request to modify electric service territory boundaries.

CONCLUSION

Delano has responded in writing, met with the customer in-person, and adopted a policy in an effort to expeditiously address the concerns identified by the customer who participated in Wright-Hennepin's off-peak air conditioning and water heater programs, and similarly-situated customers. Delano respectfully requests that the Commission proceed with the joint request of Delano and Wright-Hennepin Cooperative Electric Association to modify their respective electric service territory boundaries.

Dated: December 17, 2014

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