

KEYES, FOX & WIEDMAN^{LLP}

May 6, 2016

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

VIA ELECTRONIC SERVICE

Re: ***In the Matter of a Commission Inquiry into Fees Charged on Qualifying Facilities***

PUC Docket No.: E-999/CI-15-755

Dear Mr. Wolf,

The Alliance for Solar Choice (“TASC”) hereby submits its **INITIAL COMMENTS OF THE ALLIANCE FOR SOLAR CHOICE** in the above-entitled matter.

TASC has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 303-658-0010 or at kfox@kfvlaw.com.

Sincerely,



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KF/pj

Enclosure

Cc: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF A COMMISSION INQUIRY INTO FEES CHARGED ON QUALIFYING FACILITIES

DOCKET NO. E999/CI-15-755

Date: May 6, 2016

INITIAL COMMENTS OF THE ALLIANCE FOR SOLAR CHOICE

The Alliance for Solar Choice (“TASC”) hereby submits its Comments pursuant to the State of Minnesota Public Utilities Commission’s (“Commission”) Notice of Comment Period (“Notice”), issued December 23, 2015 and the Notice of Extended Comment Period issued February 24, 2016. TASC was founded by the largest rooftop solar companies in the nation and is a leader in solar advocacy, protecting customer choice and energy innovation. TASC maintains a diverse membership of national and local installers, including Demeter Power Group, LGCY Power, SunVest Solar Inc., Geostellar Inc., REPOWER by Solar Universe, Sunrun, Convergence Energy, SunTime Energy, H&H Solar Energy Services Inc., Lightwave Solar Electric, LLC, Palmetto Solar, Rising Sun Solar + Electric, Horizon Solar Power, SunPeak, Premier Solar Solutions.

TASC appreciates the opportunity to provide initial comments on the fees being assessed by Minnesota utilities¹ on distributed generation (“DG”). This docket arose from a proceeding in which a member of a cooperative filed a request for dispute resolution with the Commission over the application of a monthly “facility fee” in addition to the standard, monthly customer charge.² TASC appreciates the efforts the Commission has made since that proceeding to identify similar fees assessed by Minnesota’s investor-owned, cooperative, and municipal utilities prior to July 1, 2015.

Through this docket the Commission learned that the following utilities assign various charges to DG customers: Xcel Energy, Minnesota Power, Otter Tail Power Company, Connexus Energy, Mille Lacs Energy Cooperative, and Goodhue County Cooperative Electric Association. None of the fees assessed by these Minnesota utilities against DG customers are legally allowed. State and federal law, as well as Commission precedent, uphold the principle that DG customers should not be discriminated against simply because they choose to self-generate. However, even if the Commission finds that some fees are legal, the utilities have not met the burden of proving they are reasonable.

Accordingly, TASC recommends that for customers who installed DG prior to July 1, 2015, the Commission require utilities to cease collecting those fees going forward and to refund those fees that have already been collected.

¹ Here used for simplicity to refer to investor-owned utilities and cooperatives.

² Docket No. E-132/CG-15-255, *In the Matter of a Request for Dispute Resolution with Peoples’ Energy Cooperative Under the Cogeneration and Small Power Production Statute*, MINN. STAT. §216B.164.

I. The Additional Fees on DG Customers are Illegal.

Federal and state law, and Commission precedent, prohibit utilities from assessing discriminatory rates on qualifying facilities (“QFs”), and therefore on net energy metering (“NEM”) customers. Simply put, a utility may not set additional or discriminatory rates on DG customers.

The Federal Energy Regulatory Commission (“FERC”) implemented the Public Utility Regulatory Policies Act of 1978 (“PURPA”) to require that utilities interconnect with QFs and to specify that rates for power purchases—as approved by state regulatory commissions—should not discriminate against small power producers.³ More specifically, FERC regulations implementing PURPA require that rates charged to QFs for energy and capacity must “be just and reasonable and in the public interest,” and “not discriminate against any qualifying facility in comparison to rates for sales to other customers served by the electric utility.”⁴

These federal rules have long been recognized and implemented by Minnesota statutes. In fact, Minnesota was one of the first states to implement PURPA and establish its net metering program. In doing both, the Minnesota Legislature added a new section to the Public Utilities Act—Sec. 216B.164 in 1981. The State law’s express purpose is to “give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public.”⁵ The legislature was clear when it directed that further implementation from the Commission “shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility.”⁶

The Commission then closely followed the legislature’s clear mandate of nondiscrimination when it issued an order and rules governing cogeneration and small power production.⁷ As further discussed below, the Commission’s order and rules detail reasonable rate, interconnection, capacity, and other requirements that are intended to encourage cogeneration and small power production consistent with both the Federal and Minnesota legislatures.

a. State and Federal Law Does Not Allow for Discriminatory Rates on DG Customers.

Utilities may not charge QF customers who, for purposes of the legislation and rules discussed above, are synonymous with NEM customers, rates that are different from non-QF customers.⁸ Minnesota law specifies that QF customers are to be billed for net energy supplied

³ 18 C.F.R. § 292.303-304.

⁴ 18 C.F.R. §292.305(a)(1).

⁵ MINN. STAT. §216B.164 Subd. 1.

⁶ *Id.* at Subd. 3.

⁷ Docket No. E-999/R-80-560, *In the Matter of the Proposed Adoption of Rules of the Minnesota Public Utilities Commission Governing Cogeneration and Small Power Production*, Order Adopting Rules, March 7, 1983, at 8 [“1983 Order”]; MINN. R. 7835.0200.

⁸ *See supra* note 7.

by the utility “according to the applicable rate schedule for sales to that class of customer.”⁹ In other words, it would be discriminatory to charge other rates for NEM customers than would be charged if they did not have DG.

The Commission has specifically interpreted this question when it comes to distribution costs that utilities frequently allege are “lost” through NEM. According to Minnesota statutes, “[i]n setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility.”¹⁰ The Commission clearly stated in its 1983 Order that preventing discrimination means that NEM customers should not be assessed a separate and additional monthly customer charge. NEM customers cannot fully eliminate their payments to the utility to which they are interconnected through netting out energy consumption: Commission rule requires that they continue to pay any monthly customer charges or demand charges that non-QF customers on their same tariff would pay.¹¹ Accordingly, the Commission found it compelling that a customer who reduced his or her consumption to nothing through conservation would not pay an extra distribution charge, and therefore, assessing an extra distribution charge to DG customers simply because they have DG would be discriminatory. As the Commission explained in its 1983 Order:

The Commission has considered “the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge.” The Commission believes that if this were its only requirement it would be reasonable in many cases to assess qualifying facilities an additional fixed charge to recover fixed distribution costs which other customers pay through consumption of energy at elevated energy rates. However, the Commission must also ‘ensure that the costs charged to the qualifying facility are not also discriminatory in relating to the costs charged to other customers of the utility.’ If a nongenerating customer reduces his consumption to zero, he must pay only the monthly fixed charges. Consequently, the Commission believes it would be discriminatory to require a qualifying facilities [sic] to pay more than the standard monthly fixed charge.¹²

The 2015 legislative cycle made changes to state statute specific only to cooperative and municipal utilities, allowing them the option to charge additional fees on DG customers after July 1, 2015. However, the fee “*must be reasonable and appropriate* for that class of customer based on the most recent cost of service study.”¹³ Thus, any fees implemented after July 1, 2015 by cooperative or municipal utilities require significant evidentiary support to be reasonable. For customers with DG systems installed prior to July 1, 2015, additional customer charges are *de facto* discriminatory.

⁹ MINN. STAT. §216B.164 Subd. 3(b) (for public utilities, and QFs under 1,000 kW); *id.* at Subd. 3(a) (for cooperative and municipal utilities, and QFs under 40 kW).

¹⁰ MINN. STAT. §216B.164 Subd. 3(c).

¹¹ MINN. R. 7835.3200. “Qualifying facilities remain responsible for any monthly service charges and demand charges specified in the tariff under which they consume electricity from the utility.”

¹² 1983 Order at 176.

¹³ MINN. STAT. §216B.164 Subd. 3(a) (2015) (emphasis added).

b. Interconnection Fees on DG Customers are Strictly Limited and Must Be Non-Discriminatory.

State law and Commission rule do allow reasonable charges for interconnection, but only if the interconnection costs are demonstrably the result of the non-QF customer becoming a QF customer. Commission rules define different types of interconnection costs, which include “reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs . . . that are directly related” to the QF interconnection.¹⁴ The Commission further explained that “only costs in excess of the costs of connecting nongenerating customers of the same class” should be considered interconnection costs, as qualifying facilities customers pay monthly customer charges under their tariffs like other customers of their classes.¹⁵ This rule calls for an assessment only of upfront costs associated with bringing a QF facility onto a utility’s system—for example, the costs of line extensions or distribution system upgrades that QFs already pay for. This rule is not an invitation for utilities to apply theoretical costs that DG customers *might* create over time, on an ongoing basis. Moreover, production meters are not currently required, so these costs cannot be assessed unless a customer is enrolled in a utility incentive program that requires REC transfer to the utility.¹⁶ As is discussed in more detail below, the utilities’ monthly fees on DG customers—which recover ongoing costs, sometimes for second meters that are not required—are outside the scope of this narrow authorization.

II. Even if Fees are Permitted, the Utilities Fees in this Docket are not Reasonable.

While TASC believes that DG-specific rates, charges, or fees are illegal, if the Commission finds otherwise, it should consider specific factors to assess whether those fees are reasonable. Minnesota utilities have the burden of proving that their rates are just, reasonable, and non-discriminatory—a burden that the utilities in this proceeding have not met. According to state law, just and reasonable rates are not “unreasonably preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to a class of customers.”¹⁷ The same statute requires the Commission to “set rates to encourage . . . renewable energy use” and further the goals of the Cogeneration and Small Power Production section. Ultimately, “[a]ny doubt as to reasonableness should be resolved in favor of the consumer.”¹⁸ As is discussed in more detail below, the Commission has historically required accurate, cost-based data to be the basis of a finding of just and reasonable rates.

The reasonableness of fees should be analyzed on customer-specific costs as outlined further below, but should also be analyzed based on overall impact to Minnesota’s grid and policy. This is particularly true since the benefits of DG exceed the costs for society in the long

¹⁴ MINN. STAT. §216B.164 Subd. 8(b); MINN. R. 7835.0100.

¹⁵ 1983 Order at 26-27.

¹⁶ Docket No. E-999/R-13-729, *In the Matter of Possible Amendments to Rules Governing Cogeneration and Small Power Production, Minnesota Rules Chapter 7835*, Statement of Need and Reasonableness, December 29, 2014, at 19.

¹⁷ MINN. STAT. § 216B.03.

¹⁸ *Id.*

term, as has been found in this Commission’s 2014 Value of Solar proceeding.¹⁹ Additionally, independently conducted cost-benefit studies associated with NEM have found DG is a net financial benefit to all ratepayers.²⁰

a. Several Factors Should Be Used in Analyzing Whether These Utility Fees Are Reasonable.

In determining whether a particular fee is reasonable, the Commission should consider whether the utilities have demonstrated the following factors, based on its historical practices:

- Whether the fee is cost-based or duplicative;
- Whether the fee relies on actual, accurate data; and
- Whether, taken as a whole, the fee negatively impacts customers’ ability to select solar DG—in direct opposition to the state’s dictate of “maximum possible encouragement.”²¹

The Fee Should be Cost-Based and Not Duplicative.²² The utilities did not provide sufficient information to assess whether customers are already paying for these costs as part of their monthly customer charge, an important factor relating to assessing discrimination in the Commission’s 1983 Order.²³ No fee should be duplicative—i.e., because a specific DG meter is not required in Minnesota, a DG customer should not pay the full cost of a DG meter if they are already paying the full cost of a non-DG meter in their monthly customer charge. A reasonable fee provides credit for payments already made. Furthermore, the Minnesota utilities are charging an additional \$2.65 to \$8 per month for most net-metered DG customers. Assuming a DG facility has a lifetime of 20 years, the range of costs being added is around \$636 to \$1,920. Most meters used by the utilities cost far less than that, indicating that—particularly for a residential customer—they may be replacing their fully depreciated meters several times over when a

¹⁹ Docket No. E-000/M-14-65, *In the Matter of Establishing a Distributed Solar Value Methodology under Minn. Stat. §216B.164, Subd. 10(e) and (f)*, Order Approving Distributed Solar Value Methodology, April 1, 2014, at Appendix A p. 42 (showing an example Value of Solar figure higher than the average retail rate).

²⁰ See, e.g., ENERGY AND ENVIRONMENTAL ECONOMICS (E3) CONSULTING FOR THE PUBLIC UTILITIES COMMISSION OF NEVADA, NEVADA NET ENERGY METERING IMPACTS EVALUATION (2014) 8-13 (finding significant net present value benefits exceeding costs for distributed generation systems installed in 2014-2015 under different cost-benefit tests); SYNAPSE ENERGY ECONOMICS, INC., FOR THE PUBLIC SERVICE COMMISSION OF MISSISSIPPI (2014) 49 (finding that “solar net metered projects have the potential to provide a net benefit to Mississippi in nearly every scenario and sensitivity analyzed”); CLEAN POWER RESEARCH ET. AL FOR THE MAINE PUBLIC UTILITIES COMMISSION, MAINE DISTRIBUTED SOLAR VALUATION STUDY (2015) 4-5 (finding \$0.182/kWh in benefits associated with distributed generation in the first year of operation alone in Maine).

²¹ MINN. STAT. §216B.164 Subd. 1; MINN. R. 7835.0200.

²² See, e.g., Docket No. E-001/GR-86-384, *In the Matter of the Petition of Interstate Power Company for Authority to Increase its Rates for Electric Service in Minnesota*, Order Adjusting Revenue Requirements, Granting Partial Stay, and Implementing Rate Design Changes, July 21, 1987, at 7 (“In determining just and reasonable rates, the Commission must give consideration to the cost of furnishing the utility service”).

²³ 1983 Order at 148.

monthly fee is assessed. However, the utilities' responses to information requests did not present enough data to evaluate this question.

The Fee Should Rely on Actual, Accurate Data. The Commission's prior decisions emphasize its dedication to accuracy. First, the Commission has sought "links with historical experience" in filings as a condition to finding just and reasonable rates.²⁴ Second, the Commission has noted that because utility applicants bear the burden of proving that their proposed rate changes are just and reasonable, incomplete or poorly explained data is a rationale for a finding of unreasonableness.²⁵ Finally, the Commission has required that individual rate components must be just and reasonable in order for utility rates as a whole to be just and reasonable.²⁶

The utilities have not provided sufficient information to justify that their charges for operations and maintenance costs, administrative and general costs, etc., are directly attributable to the customers being DG customers. In general, they provide estimates based on other metrics, but not directly based on evidence as to the specific costs associated with DG customers. As is discussed in more detail below, none of the six utilities appear to track any specific costs associated with DG customers, but are asserting that DG customers are more costly to serve on an ongoing basis.²⁷ Estimates can be reasonable when allocating commonly incurred costs, but they should be factually based, and the utilities have not factually demonstrated that DG customers have different or uniquely complex billing, accounting, and other administrative costs not already included within the monthly customer charge.

The Fee Should Not Impede Minnesota's Policy to Encourage Distributed Solar Generation. The DG-specific monthly fees being charged by the utilities take the appearance of a higher fixed charge specific to DG customers. Fixed charges do not create price signals to

²⁴ See, e.g., Docket No. E-002/GR-89-865, *In the Matter of the Application of Northern States Power Company for Authority to Increase its Rates for Electric Service in the State of Minnesota*, Order Denying Petitions for Reconsideration and Denying Transitional Rate Increase, November 26, 1990, at 14 ("All parties agree that it will require a great deal of effort on the part of the Company...to ensure that the financial data filed in that case have the clear and substantial links with historical experience necessary to support a determination of just and reasonable rates").

²⁵ See, e.g., Docket No. G-007, 011/GR-08-035, *In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, Findings of Fact, Conclusions of Law, and Order, June 29, 2009, at 57-60 (rejecting Minnesota Energy Resources Corporation's proposed inflation factor as unreasonable because one of the combined forecasts included a clear outlier; the Commission also required that future cost of service studies should include "an explanatory filing identifying and describing each allocation method used in the study and detailing the reasons for concluding that each allocation method is appropriate and superior to other allocation methods considered").

²⁶ See, e.g., Docket No. E, G-002/AI-10-690 (consolidated), *In the Matter of the Northern States Power Company's Cost Allocation Procedures and General Allocator* (consolidated), Order Requiring Change in General Allocator and Requiring Filings, March 15, 2011, at 6 ("For utility rates to be just and reasonable, their individual components must be just and reasonable. The current labor component of the general allocator fails that test and must be recalibrated to meet the statutory 'just and reasonable' standard").

²⁷ All utilities provided estimates or hypotheses associated with their Responses to Commission Staff Information Request ["PUC"] #3. For example, Connexus Energy "does not separately track operations and maintenance (O&M) costs for bi-directional meters" and Mille Lacs Electric Cooperative designed its monthly charge to collect "some of the metering costs" for DG customers.

which customers can react—instead, they erode the value of customers’ choice to manage their energy through solar, storage, efficiency, or other tools by changing the payback period of those investments.²⁸ This factor is particularly important to consider as energy management tools become increasingly affordable to more diverse types of customers. Moreover, the utilities do not appear to be grandfathering in DG customers to a particular monthly charge over the lifetime of their system, meaning that the costs could fluctuate over the system lifetime, creating customer uncertainty.²⁹ Both of these factors impede the statutory purpose of “maximum possible encouragement” of cogeneration and small power production.

b. The Utility-Specific Fees Are Not Reasonable.

In their February 2015 responses to the Commission Staff’s information requests, Connexus Energy, Goodhue County Cooperative Electric Association, Mille Lacs Energy Cooperative, Minnesota Power, Otter Tail Power Company, and Xcel Energy all stated that they assign various charges to DG customers, which they assert as relating to the meter itself, meter installation and replacement, a second meter, billing expenses, operating expenses, and maintenance expenses. TASC does not believe these fees are legally permitted. However even if the Commission finds the fees are legal, by applying the factors in Section II(a), the Commission should find the specific fees assessed on DG customers by Minnesota utilities are not just and reasonable.

1. Connexus Energy

The charges assessed on DG customers by Connexus Energy (“Connexus”) are not just and reasonable because they are not based on accurate data. Connexus charges small DG customers \$2.65 per month for a single-phase meter and \$5.90 per month for a three-phase meter, which it says is based on the “incremental cost between a standard meter and a bi-directional meter.”³⁰ However, Connexus simultaneously says it collects monthly fees based on incremental metering costs, and says that it “has elected not to charge interconnection fees.”³¹ Connexus admits that it does not separately track costs associated with DG customers. Connexus states that it “does not separately track operations and maintenance (O&M) costs for bi-directional meters” but asserts that the maintenance cost is the same for bi-directional and standard meters.³² Similarly, Connexus states that it “does not separately track administrative costs for bi-directional meters,” but asserts that there are added billing and customer service costs that justify it applying a weighting factor to increase the costs associated with bi-directional meters compared to standard meters.³³ Connexus does not provide any evidence to support its statement that those billing and customer service costs are 1.5 times those associated with a

²⁸ SYNAPSE ENERGY ECONOMICS, CAUGHT IN A FIX (2016) 16-17 (discussing reduced payback associated with fixed charges especially where energy rates are decreased proportionately), available at <http://www.synapse-energy.com/sites/default/files/Caught-in-a-Fix.pdf>.

²⁹ See discussion of Minnesota Power below.

³⁰ Connexus Energy Response to PUC #5; Connexus Energy Response to Commission Notice Question #1(d).

³¹ Connexus Energy Response to PUC #4.

³² *Id.* at PUC #3.

³³ *Id.*

standard meter. Connexus’s claims of different and additional costs are merely guesses. While TASC does not believe Connexus’s DG-specific charge is legal, it is also not just and reasonable because it lacks accurate and complete data to support its assumptions.

2. Goodhue County Cooperative Electric Association

The charges assessed on DG customers by Goodhue County Cooperative Electric Association (“GCCEA”) are not just and reasonable because they are unsubstantiated and therefore not cost-based. GCCEA did not provide any tariff sheets or written policies to support its \$3 per month metering charge, and due to lack of supporting data, it is impossible to tell whether this fee is cost-based.³⁴ Furthermore, although GCCEA asserts that this cost is for a \$190 production meter as well as “some” billing and administrative costs,³⁵ production meters are only required where a customer is participating in an incentive program. While TASC does not believe GCCEA’s DG-specific charge is legal, it is also not just and reasonable because it is completely unsubstantiated and therefore not cost-based.

3. Mille Lacs Energy Cooperative

The charges assessed on DG customers by Mille Lacs Energy Cooperative (“MLEC”) are not just and reasonable because they are unsubstantiated and therefore not cost-based. MLEC charges DG customers a \$4.50 per month metering charge. MLEC does not clarify why it requires two standard meters instead of a bidirectional meter.³⁶ Furthermore, it does not explain how it derived the \$4.50 per month charge from the costs of the meter and “some of the metering costs” associated with its installation—particularly as the average meter costs may vary from \$130 to \$285 depending on whether they are 2S or 9S.³⁷ MLEC’s monthly charge is also among the higher charges assessed by the utilities who responded to Commission Staff’s information requests, yet it does not explain factors that may differentiate it. While TASC does not believe MLEC’s DG-specific charge is legal, it is also not just and reasonable because it is completely unsubstantiated and therefore not cost-based.

4. Minnesota Power

The charges assessed on DG customers by Minnesota Power are not just and reasonable because they are not based on accurate data and may be duplicative of costs DG customers already pay. Minnesota Power assesses a \$2.55 per month charge on facilities less than 40 kW and a \$3.57 per month charge on facilities between 40-100 kW.³⁸ It says these costs cover “meter maintenance and customer accounting expenses unique to distributed generation customers,” including installation, removal, administrative and general, engineering, etc.³⁹ Minnesota Power

³⁴ Goodhue County Cooperative Electric Association [“GCCEA”] Response to PUC #5.

³⁵ *Id.* at PUC #3.

³⁶ Mille Lacs Energy Cooperative [“MLEC”] Response to PUC #1-2.

³⁷ MLEC at PUC #3.

³⁸ Minnesota Power Response to Commission Notice Question 1(D).

³⁹ *Id.*

asserts that its meters cost \$709 each for systems below 40 kW—several times any of the meter-specific costs that other utilities asserted. Minnesota Power says this is due to the need for particular types of Automated Meter Reading (“AMR”) functionality, but the specific rationale for these extra costs is unclear given that many utilities with DG customers use AMR systems.⁴⁰ Moreover, Minnesota Power provides an estimate that operations and maintenance expenses for DG customers are 12% of this high-cost meter plus the installation and removal fee, but no data is provided to support this percentage.⁴¹ Like other utilities, Minnesota Power appears to be calculating average costs associated with customer accounting and other administrative and general expenses on a per-meter basis and simply doubling them for DG customers.⁴² This approach creates questions about Minnesota Power’s administrative operations. Do DG customers require a twice as many customer service representatives? Do they receive twice as many bills simply because they have a second meter? To be just and reasonable, a DG-specific monthly charge should be cost-based, derived from accurate data, and not duplicative—Minnesota Power’s calculations do not display those characteristics.

Moreover, Minnesota Power’s monthly service charge changed significantly in 2015 compared to prior years—jumping from less than one dollar to \$2.55 per month.⁴³ This impacts the payback experienced by existing DG customers, and such irregularity could discourage prospective customers in opposition to Minnesota’s policy to encourage DG. While TASC does not believe Minnesota Power’s DG-specific charge is legal, it is also not just and reasonable because it is not based on accurate data and assumptions, it may be duplicative, and it creates uncertainty for DG customers.

5. Otter Tail Power Company

The charges assessed on DG customers by Otter Tail Power Company (“Otter Tail”) are not just and reasonable because they are unsubstantiated, and therefore not cost-based. Strangely, Otter Tail says that it “does not apply charges to distributed generation customers that are not applied to other customers,” despite charging for “facilities unique to the service.”⁴⁴ However, the \$3.50 per month customer charge that Otter Tail assesses in its Small Power Producer Rider appears to be additional to the \$8.50 per month customer charge for a standard residential customer on Schedule.⁴⁵ Otter Tail provided a series of assertions about the costs of operations and maintenance, or administrative services, associated with bi-directional versus standard meters, but it failed to substantiate its claims such that TASC cannot determine if they are cost-based.⁴⁶ While TASC does not believe Otter Tail’s DG-specific charge is legal, it is also not just and reasonable because it is completely unsubstantiated and therefore not cost-based.

⁴⁰ Minnesota Power Response to PUC #1.

⁴¹ *Id.* at PUC #3.

⁴² Derived by following the “Calculation Notes” on Minnesota Power Response to PUC Questions Exhibit I, Step 4.

⁴³ Minnesota Power Response to Commission Notice Question 1(E).

⁴⁴ Otter Tail Power Company [“Otter Tail”] Response to Commission Notice Question #1.

⁴⁵ Otter Tail Response to PUC #5; Section 9.01 Electric Rate Schedule Residential Service (Rate Code 31-101), available at https://www.otpc.com/media/102404/MN_901.pdf.

⁴⁶ Otter Tail Response to PUC #3.

6. Xcel Energy

The charges assessed on DG customers by Northern States Power Company (“Xcel”) are not just and reasonable because they are not based on accurate data, and are therefore not cost-based. Xcel charges between \$3.15 and \$8.00 per month for DG customers, depending on their rate code and whether their meters are single-phase or three-phase.⁴⁷ While it says that this is based on the “recovery of the cost of and installation of the additional meter and the associated billing, operating, and maintenance expenses,” Xcel’s data shows that standard meters and bidirectional meters for the majority of customers are the same, at \$93.⁴⁸ Xcel also explains that many locations require a production meter, but this requirement is primarily related to participation in the Solar*Rewards incentive program, and Xcel does not clarify that it is only assessing the customer charge to Solar*Rewards participants.⁴⁹ Xcel, like the other utilities, provides only estimates rather than actual administrative costs attributable to DG customers. For example, Xcel assesses its Customer Accounting and Customer Assistance costs based on dividing the total FERC account by the number of customers, and then including that average cost as an additional cost for DG customers because they have a second, production meter.⁵⁰ Like Minnesota Power, Xcel has not demonstrated that DG customers actually require double the support and assistance beyond what is recovered from non-DG customers. While TASC does not believe Xcel’s DG-specific charge is legal, it is also not just and reasonable because it is not based on accurate data and assumptions, and it may be duplicative.

c. Any Other Docket-Related Issues

The Minnesota utilities assessing fees prior to July 1, 2015, have been discriminating against DG customers in violation of state law and Commission precedent. What is left is to discuss what remedies Minnesota DG customers might have in the event the Commission rescinds the current illegal, unreasonable fees. TASC proposes that the Commission require the utilities to eliminate the fees going forward and issue DG customers with systems installed prior to July 1, 2015, a refund of the fees they have paid. Furthermore, while the utilities are assessing monthly customer charges, to the extent the Commission authorizes recovery of meter-related interconnection costs, TASC believes these should be collected from customers upfront, at the time of interconnection, to promote customer certainty when making DG investments.

⁴⁷ Northern States Power Company [“Xcel”] Response to Commission Notice Question #1(C).

⁴⁸ Xcel Response to PUC #3.

⁴⁹ *Id.* at PUC #1.

⁵⁰ Xcel Response to PUC #3, Attachment A.

III. Conclusion

TASC thanks the Commission for the opportunity to provide comments in this proceeding.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kevin T. Fox".

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For THE ALLIANCE FOR SOLAR CHOICE

CERTIFICATE OF SERVICE

I, Philip Jett, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States Mail.

INITIAL COMMENTS OF THE ALLIANCE FOR SOLAR CHOICE

In the Matter of a Commission Inquiry into Fees Charged on Qualifying Facilities
MPUC Docket No. E999/CI-15-755

Dated this 6th day of May, 2016.

/s/ Philip Jett

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Nelson	Ben	CMMPA	459 South Grove Street, Blue Earth, MN-56013	Paper Service	No
Reinhardt	John C.	Laura A. Reinhardt	3552 26Th Avenue South, Minneapolis, MN-55406	Paper Service	No
Sedgwick	Dean	Itasca Power Company	PO Box 457, Bigfork, MN-56628-0457	Paper Service	No

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