



SOUTHERN MINNESOTA  
MUNICIPAL POWER AGENCY

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January 28, 2014

VIA E-Filing and US Mail

Dr. Burl W Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

RE: Comments of Southern Minnesota Municipal Power Agency on Renewable Rate  
Impact Reporting, Docket No. E-999/CI-11-852

Dear Dr. Haar:

Enclosed for electronic filing are the comments of Southern Minnesota Municipal Power  
Agency on the proposal for Renewable Energy Rate Impact Reporting.

If you have any questions, please contact me at 507.292.6440

Regards,

Larry W. Johnston  
Director of Corp. Dev, Agency Relations and  
Officer of Legislative & Regulatory Affairs

LWJ:nw:2k14002  
Enclosure  
cc: Service List





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

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

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of Utility Renewable Energy  
Cost Impact Reports Required by  
Minnesota Statutes Section 216B.1691  
Subd. 2e.

Docket No. E9999/CI-11-852

**COMMENTS OF SOUTHERN  
MINNESOTA MUNICIPAL POWER  
AGENCY ON RENEWABLE ENERGY  
RATE IMPACT REPORTING**

Southern Minnesota Municipal Power Agency (SMMPA) offers the following brief comments in response to the above referenced docket. The comments address Staff's proposed general guiding principles for electric utility renewable energy cost impact reports necessary to comply with MN Statute §216B.1691 Subd. 2e., and Staff's proposed uniform reporting system as introduced and illustrated in Attachments 1 and 2 of the Commissions November 6, 2013 notice.

SMMPA is a nor-for-profit, joint action agency serving 18 member municipal utility communities throughout Minnesota.

Comments

SMMPA is supportive of the Staff's objectives contained in the four proposed guiding principles. A process that increases transparency, supports consistency, and enables reasonable comparison between the covered entities should be the basis for impact reporting. We are also supportive of a process which eliminates as much redundancy as possible in all aspects of renewable reporting and where possible draws upon publicly available information. That said, we need to recognize two important limitations:

First, all of the covered entities in the Statute do not necessarily utilize or file all of the example reporting documents cited. For example, some entities may not utilize the same ratemaking procedures and filings, may not complete the same Federal Energy Regulatory Filings, or the same financial filing procedures. The focus needs to be on obtaining the critical information in a non-burdensome administrative manner, not on completing and obtaining specific reports that the utility may or may not file.

Second, as mentioned by one or more of the commenters in the first round of comments, the utility may or may not have the historically disaggregated data required to complete these filings back to a base year of 2005. Disaggregating and developing historic estimates may pose a significant burden, and require administrative flexibility in arriving at appropriate methodologies. Accounting systems can be modified to aid in data management and retrieval on a go forward basis, but that is not possible historically.

The Integrated Resource Planning (IRP) process provides a relatively straight forward approach for a forward estimate. However, as subsequent plans are filed, the proposed process seems to suggest consistently and uniformly revising the annual forecast values with actual values. For example, a resource plan filed in 2009 has a forecast of future values presumably 2009 through 2024. A subsequent 2012 IRP will also have forward looking values. Does the procedure suggest that the previously forecasted 2009, 2010, and 2011 values will be replaced with actual expenditures for those years and so forth? What will be the basis for those actual values? We assume those actual values capture real-time market transactions? Are there specific procedures for how capital costs of projects are handled vs. power purchase agreements? How will assessments of impacts for specific time frames be viewed when combining actual and forecast values? We would be interested in learning more about how staff thinks the process would be administered. Perhaps some examples could be helpful.

SMMPA sees very little value in attempting to have reports distinguish between the REO and the RES expenditures.

SMMPA assumes that utilities, not covered by the solar energy standard (SES), making solar investments would likely utilize those investments as eligible for the RES and would likely include those costs in RES estimates. In those instances we would anticipate that the utility would note those inclusions in their report.

SMMPA believes there is value in assessing both the annualized (actual) and levelized (expected long term effects) costs, however, we have questions on how comparisons across those data sets might be made as outlined above. For SMMPA, the IRP is the best source for calculating and reporting those levelized values.

SMMPA appreciates the opportunity to comment on the proposal and looks forward to commenting on alternative and final proposals.

Respectfully submitted,



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