



July 29, 2025

Mike Bull, Acting Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101-2147

Subject: Dakota Electric Association Reply Comments

***In the Matter of the Petition of Dakota Electric Association to Modify its
Extension of Service Tariff
Docket No. E-111/M-25-178***

Dear Mr. Bull:

On March 31, 2025, Dakota Electric Association (Dakota Electric or Cooperative) filed a petition with the Minnesota Public Utilities Commission (Commission) requesting a modification to our extension of service tariff (Petition). Specifically, the Cooperative's request looked to establish a process to extend service to Extraordinarily Large Commercial and Industrial and System Intensive members. Dakota Electric proposed to establish a multistep process to reflect the extensive engineering, design, and long lead time construction that is required to serve certain large loads. These proposed modifications are designed to protect existing members and create a fair and transparent review process for prospective loads. The modifications and processes proposed would not establish the rates to be charged or the service characteristics of these loads. Rather, the rates and service characteristics will be addressed if, and when, an Extraordinary Large Commercial and Industrial and System Intensive member

requests to receive electric service from Dakota Electric. At that time, Dakota Electric would enter into an Electric Service Agreement (ESA) with the prospective load which would be filed for review and approval by the Commission.

On April 18, 2025, the Commission issued a Notice of Comment Period (Notice) in the above-referenced docket. This Notice stated that the following topics were open for comments:

- Should the Commission approve the modification to Dakota Electric's Extension of Service tariff?
- Are any modifications necessary to Dakota Electric's Letter of Authorization Agreement and Engineering and Construction Agreement?
- Are there other issues or concerns related to this matter?

The following parties filed comments in response to the Commission's Notice:

- Minnesota Department of Commerce, Division of Energy Resources (Department);
- Minnesota Office of the Attorney General, Residential Utilities Division (OAG); and
- Citizens Utility Board of Minnesota (CUB).

Overall, the parties expressed appreciation for the Cooperative's filing and our provisions to protect our existing members, but they each raised concerns with the details of the proposal, which the Cooperative addresses in these Reply Comments. The Department recommended approval of the proposed tariff modifications but suggested potential modifications to the dispute resolution provisions and the relationship between the tariff and the agreements. The OAG recommended that the Commission require Dakota Electric to include additional detail in the tariff about how costs for the new member's contribution in aid of construction (CIAC) will be calculated, and CUB recommended that the Commission not approve the petition until CUB's concerns about limitations on Commission oversight and protection for existing members are addressed.

Dakota Electric Response

The Cooperative appreciates parties' review of our request. Load growth from data centers and other large load entities is an important energy policy issue facing utilities and policymakers across the United States. This load growth represents both significant opportunities for utilities, communities, and ratepayers as well as significant potential risks. As noted in our Petition, Dakota Electric has received interest from a number of potential large loads over the past couple years. The Cooperative's Petition is a response to these loads and is aimed to address the unique characteristics of these loads in a way that mitigates risks to Dakota Electric and its membership and to ensure that any development, if it occurs, happens in a way that is fair to all involved. The Cooperative developed the proposed tariff modifications and agreements as a proactive response to the potential development of large-scale data centers.¹ While Dakota Electric has an existing Large Load Agreement that has been in place since 2013, that agreement does not adequately address the design, engineering, and procurement activities that are necessary for the very large load requests being received from data centers and other similar entities. The Cooperative believes that the following discussion and proposed modifications will help clarify how the tariff changes are intended to function and how the proposed tariff modifications are designed to protect our member-owners.

Agreement and Relationship with Tariff

Based on our review of party comments, there appears to be an overarching concern regarding Dakota Electric's decision not to include the Letter of Authorization (LOA) and Engineering and Construction Agreement (E&C Agreement) in our tariff. Dakota Electric acknowledges these concerns and notes that the Cooperative wrestled with how best to treat these agreements, and their relation to the tariff, when preparing the Petition. There are pluses and minuses associated with including or excluding the

¹ Department Comments, Page 1.

agreements in the tariff, and we ultimately concluded that not including the agreements in the tariff was appropriate.² As noted in our Petition, we see these agreements as being akin to our internal engineering standards or our Technical Specifications Manual (TSM) for distributed energy resources, neither of which are included in the tariff.³ The Commission's January 22, 2020 Order in Docket No. E999/CI-16-521 included a requirement that rate-regulated utilities file their TSMs as part of their annual reporting under Minnesota Rule 7835.0300 and whenever updates occur. When a change occurs, a utility is required to file the changes 30-days prior to implementation to provide parties an opportunity to identify any potential concerns. If no objections are received, the revisions automatically become effective 30 days after the filing.⁴

The other important consideration is that our tariff lays out rates, terms of service, conditions of service, and obligations for Dakota Electric in provision of service between the utility and our members. The LOA and E&C Agreement represent agreements between Dakota Electric and a non-member entity at the time they are executed. In the case of the LOA in particular, there is no guarantee that execution of a LOA will result in the entity becoming a Dakota Electric member. This is another reason the Cooperative concluded that exclusion of these agreements from the tariff was appropriate. However, to the extent the Commission is concerned about oversight, Dakota Electric does not oppose formal approval of these agreements and filing any substantive modifications to the agreements with the Commission at least 30 days prior to their effective date. This process is analogous to how the Commission handles modifications to Dakota Electric's TSM.

Application of Tariff Provision

Both the OAG and CUB voiced concerns regarding Dakota Electric's discretion to apply the tariff and whether this could be used by a prospective large load to pressure

² DEA Attachment R-1. Dakota Electric Response to OAG Information Request No. 003.

³ Dakota Electric Petition, Page 10.

⁴ DEA Attachment R-2, Excerpt from the Commission's January 22, 2020 Order in Docket No. E999/CI-16-521.

the Cooperative into negotiating terms that are unfavorable and shift costs to other members. Specifically, the OAG stated:

Providing Dakota Electric with this sole discretion to determine whether its proposed tariff revisions apply is not reasonable, and it could allow sophisticated customers with extremely large loads to exert undue influence on Dakota Electric not to assess the full CIAC.⁵

CUB also stated:

No quantitative or objective basis is provided for when a member should fall into this category. Instead, the proposed tariff language states that the Cooperative “will have the sole discretion to determine what member is considered system intensive.” By extension, this means Dakota Electric will have complete control over which data centers or other large load entities must execute LOAs or enter into C&E Agreements.⁶

The Cooperative appreciates the concerns of the parties on this topic and notes that our decision to update our Extension of Service tariff was driven by similar concerns. The current Large Load Agreement, as we discussed in our Petition, is not well suited to address the unique characteristics and risks of these potential loads.⁷ Further, the current Large Load Agreement includes CIAC provisions that Dakota Electric believes would insert operational and other monetary risks on our members. These risks were part of the reason we concluded that a change to the tariff was necessary. When we filed our Petition, Dakota Electric felt the tariff language was clear, but based on the concerns raised by parties, we agree that further clarification would be helpful. Before addressing the proposed changes, the Cooperative believes it is important to first provide context regarding the application of discretion under the proposed tariff.

First, it appears that much of the concern regarding our petition involves large data center loads. Large load data centers today are typically in excess of 100MW in size. This sort of load will almost certainly be served directly from the transmission

⁵ OAG Comments, Page 6.

⁶ CUB Comments, Pages 2-3.

⁷ Dakota Electric Petition, Page 8-9.

system, which is a voltage other than Dakota Electric's standard and customary distribution voltage of 12.5kV. For these types of loads, the proposed tariff provision does not provide Dakota Electric with discretion to apply the tariff. The tariff applies because the load will be served at a voltage other than 12.5kV.

Second, the "system intensive member" condition is the term that provides Dakota Electric with discretion in application of the tariff. This would only apply in a situation where the prospective load is served by the Cooperative's 12.5kV distribution system. As defined in the proposed tariff, "[s]ystem intensive members are considered members with service requirements that involve significant system modifications, design, and/or engineering to extend service to these members." An example of this would be a large load that requires the construction of a dedicated substation or other unique service characteristics. Dakota Electric used the term "sole discretion" in the tariff because it determined that setting a specific load size or other fixed criteria would not appropriately reflect the complexities of distribution planning, business considerations, and existing tariff provisions, and likely would not capture unique scenarios where a prospective load could fall below a fixed criteria but nevertheless require significant system modifications that warrant being included under the proposed tariff requirements. The Cooperative provides the following examples to illustrate how the provision for discretion would be applied in application of the tariff.

One of Dakota Electric's larger members has operations concentrated in a specific part of our service territory. Over time, this member has decreased its usage and moved parts of its operations out of our service territory. In the simplest sense, this part of our service territory now has distribution capacity available. If a new large load is to develop in this area, application of a size threshold could result in this prospective load being subject to unnecessary engineering and economic review, resulting in delayed interconnection of the new member because distribution capacity already exists. In addition, it may result in this new load being charged review costs (under the non-refundable deposit in the LOA) that would not be incurred by the Cooperative. Conversely, there could also be a "smaller" large load (*e.g.*, 5MW) that is interested in connecting to our existing distribution system and

will require a dedicated substation. Depending on specifics associated with the load, this may require significant design, engineering, and upfront investment from Dakota Electric and Great River Energy which may necessitate use of the proposed tariff provision. In this instance, the application of a size threshold could result in our other members being exposed to stranded costs if the load does not materialize. This tariff is not meant as a mechanism where the Cooperative will shift costs to other members or as a means to assess prospective loads unnecessary charges or fees. Dakota Electric is a member-owned, not-for-profit cooperative, and we have an obligation to treat all members equitably. The purpose of the proposed tariff change is to ensure that risks to existing members are minimized while facilitating potential development in a manner that is appropriately supported, financially, by these loads.

In light of the concerns raised by parties, the Cooperative proposes minor changes to the originally filed tariff language later in these Reply Comments.

Calculation and Application of Contribution-in-Aid-of-Construction

The parties also raised concerns regarding the Cooperative's calculation of CIACs as referenced in the LOA and E&C Agreement. The OAG stated the following in relevant part:⁸

While Dakota Electric's agreements provide some helpful standards for assessing CIAC, Dakota Electric's refusal to include standards for how the CIAC is determined in its tariffs is troubling. Providing the utility with discretion to determine the appropriate CIAC not only fails to protect ratepayers from utility incentives that may not be fully aligned with ratepayers' interests, but also provides these sophisticated, extraordinarily large load customers with unreasonable bargaining power. These customers could apply significant pressure when negotiating the untariffed agreements with Minnesota's smallest rate-regulated electric utility.

CUB also stated the following:

⁸ OAG Comments, Pages 3-4.

...we appreciate Dakota Electric’s statement that prospective system intensive members will be required to pay for equipment costs. However, we have several questions about how those costs are represented in the Cooperative’s [E&C] Agreement and Contribution in Aid of Construction (“CIAC”) schedule. Section 2(A) of the [E&C] Agreement appears to capture most expenses associated with infrastructure construction, but there is no discussion of labor costs—which, given the scope and scale of potential investments, could be substantial. Furthermore, while the [E&C] Agreement includes provisions for when CIAC installments must be paid, no CIAC methodologies or language are included in the Cooperative’s petition.⁹

Before clarifying how CIAC for large loads is determined under the proposed tariff and agreements, the Cooperative takes exception with the OAG insinuating that Dakota Electric is unable to negotiate prudently because we are a smaller utility. Dakota Electric is the largest member owner of Great River Energy, which is the second largest electric load serving entity in Minnesota, and we work closely with Great River Energy on large load issues. In addition, the Cooperative has discussed these matters, including contract and agreement construction, with other Association of Large Distribution Cooperatives (ALDC) members and organizations that have negotiated large power contracts with public power and cooperative organizations. The use of standardized terms and internal review processes provide safeguards that prevent any undue influence or imbalance—regardless of the size or sophistication of the counterparty. Apart from minor adjustments, the Cooperative will not entertain changes to the required agreements. If a load is unwilling to execute these agreements, then we will not provide service. Dakota Electric’s size does not diminish its ability to negotiate and enforce agreements that are consistent with the long-term interests of our members, and Dakota Electric is firmly committed to protecting the interest of all its members.

After reviewing the concerns raised by parties regarding CIAC, the Cooperative believes that additional discussion and clarification of the intended approach will effectively address and resolve those concerns. In particular, the parties expressed

⁹ CUB Comments, Page 4.

concern about how CIAC is determined and will be applied. For typical loads, including those that execute Dakota Electric’s Large Load Agreement, CIAC is based on a formula tied to costs and revenue and then charged to a future load.¹⁰ However, in the case of this tariff provision, the CIAC that Dakota Electric will charge to Extraordinary Large Commercial and Industrial and System Intensive prospective loads represents the full cost to extend service. It appears that our inclusion of the phrase “when the anticipated revenue from the prospective member justifies the expenditure” in our proposed tariff language inserted some confusion or ambiguity about the calculation of the CIAC. The Cooperative included this phrase so it is clear that if we believe a large load will not be economic, or represent an undue risk to other members, we will forego providing service.

To provide additional clarity on this matter, Dakota Electric provides the following hypothetical example to illustrate how we will calculate a CIAC under the E&C Agreement.

<u>Item</u>	<u>Quantity</u>	<u>Unit</u>	<u>Estimated Project Cost</u>
<u>Transformers</u>	<u>2</u>		<u>\$10,750,000</u>
<u>Switchgear</u>	<u>2</u>		<u>\$2,652,000*</u>
<u>Breakers and Switches</u>	<u>10</u>		<u>\$625,000*</u>
<u>Bus</u>	<u>20</u>		<u>\$23,000</u>
<u>Conduit</u>	<u>700</u>	<u>feet</u>	<u>\$6,800</u>
<u>Communications and Relays</u>	<u>6</u>		<u>\$18,000</u>
<u>Cable</u>	<u>4,265</u>	<u>feet</u>	<u>\$21,500</u>
<u>Contract Costs</u>			<u>\$1,905,000</u>
<u>DEA Labor</u>			<u>\$2,325,000</u>
<u>Totals</u>			<u>\$18,326,300</u>
<u>*Pre-Paid Items</u>			<u>\$3,277,000</u>
<u>Total CIAC Amount</u>			<u>\$15,049,300</u>
<u>Cost Escalator</u>	<u>1.20</u>	<u>percent</u>	<u>\$3,009,860</u>
<u>Totals</u>			<u>\$18,059,160</u>

¹⁰ See *In the Matter of a Petition by Dakota Electric Association to Implement a Large Load Contract in its Electric Rate Book for Large Commercial and Industrial Service Line Extensions*, Docket No. E-111/M-13-801.

The total cost of this hypothetical project inclusive of labor is \$18,326,300 in inflation-adjusted dollars.¹¹ As part of this hypothetical project, the load has purchased, or authorized Dakota Electric through a separate agreement to purchase, certain long lead time equipment (Pre-Paid Items line in the above table).¹² These purchases are removed from the CIAC amount; however, it is important to note that in these separate agreements the Cooperative will require the prospective load to pay for the entirety of these costs before Dakota Electric will initiate the purchasing process.¹³ The Cooperative then applies a cost escalator, based on current pricing expectations, to the CIAC amount to account for potential price and market changes. Using the CIAC schedule in the E&C Agreement, this would be the expected compensation schedule:

Payment 1	40%	\$7,223,664	Due within 30 days of agreement execution
Payment 2	30%	\$5,417,748	Completion of Utility substation design
Payment 3	20%	\$3,611,832	Commencement of Construction
Payment 4	5%	\$902,958	Two months prior to transformer delivery
Payment 5	5%	\$902,958	20 days prior to commissioning

¹¹ CUB raised concerns in its comments regarding the Cooperative's treatment of labor. As shown in the example, Dakota Electric's CIAC charges include all material, contractor, and labor costs associated with construction of infrastructure necessary to extend service to the load.

¹² It may be necessary to separately purchase certain equipment if there are concerns that the equipment will not be immediately available when needed during the construction phase (*i.e.*, long-lead time equipment). As noted in the E&C Agreement, it is Dakota Electric's strong preference to avoid this situation, but we also acknowledge certain supply chain realities.

¹³ E&C Agreement, Section 3.A.vi:

Dakota Electric will make the final determination on when long lead items are procured to best meet the construction schedule. Cooperative will bid and place purchase orders for the long lead items, including but not limited to, the power transformers, circuit breakers, control house, metering and backbone at Dakota Electric's discretion. Dakota Electric's strong preference is that long lead items are procured after execution of Agreement; however, if long lead items are procured prior to execution of this Agreement, reimbursement and procurement of these items will be governed by a separate legal agreement between Parties. Any costs associated with long lead items will be denoted in Section 2.A.ii and not included in the CIAC payment schedule in Section 2.C.

The CIAC schedule in the Cooperative's E&C Agreement front loads most project payments and requires that all payments are made before final energization. This was done to limit risks to other members during the construction and planning phase of these projects. In terms of CIAC reimbursement or refund, the only instance where this would occur would be at the end of a project if these amounts were greater than actual costs.¹⁴ Conversely, if actual project costs end up being greater than expected, then the Cooperative will charge the load the difference. Further, under the agreements, the prospective load will be responsible for all costs, regardless of whether they ultimately end up entering into an ESA and taking electric service from Dakota Electric.¹⁵ The goal of Dakota Electric's CIAC methodology is to ensure that these large loads pay a reasonable, and appropriate, amount for service extension and that other members are not exposed to unnecessary risk.

Finally, on the topic of CIAC, the OAG recommended that the Commission require Dakota Electric to include tariff language dictating with more specificity how CIAC for these loads is calculated.¹⁶ The Cooperative agrees with the OAG that

¹⁴ E&C Agreement, Section 2.D.iv:

True-Up Payments. Dakota Electric will track work orders and payments on a quarterly basis. If Dakota Electric determines that costs it expects to incur have deviated significantly or unexpectedly, the Cooperative may invoice or credit Customer.

Final true-up payment to be invoiced as cost or credit to Customer ninety (90) business days after the last vendor/supplier invoice associated with the Project has been received by Dakota Electric. The true-up payment shall reflect the difference between the total actual and demonstrable cost of the Project and the total amounts paid by Customer at the time of the true-up payment. The True-Up Payment amount due to Cooperative or to the Customer shall be paid by the respective Party within (30) business days following receipt of the True-Up Statement.

¹⁵ E&C Agreement, Section 4.c.

Early Termination. The Customer may terminate this Agreement after the Effective Date by providing Dakota Electric with at least 30 calendar days' written notice. If Customer's notice occurs prior to its payment of the final CIAC payment to Dakota Electric, in addition to making payment of all outstanding CIAC payments to Dakota Electric, Customer will also pay to Dakota Electric all commercially reasonable and documented expenses incurred by or billed to Dakota Electric for its work on the Project through the effective date of termination. This will include all costs that are required to remove the distribution substation and distribution electric infrastructure already installed and all costs for restoration of the Customer's site.

¹⁶ OAG Comments, Page 9.

additional detail regarding CIAC determination is appropriate and presents recommended tariff language later in these Reply Comments.

Other Issues

Dakota Electric also responds briefly to specific concerns from CUB regarding new legislation passed during the 2025 Minnesota Legislative Session. Although Minnesota Statute § 216B.1622 raises important policy requirements that the Commission must address, Dakota Electric makes the following two observations. First, Minnesota Statute § 216B.1622 applies specifically to public utilities. Public utility as defined in Minnesota Statute § 216B.02, subd. 4, does not include cooperative electric associations, even if their members have opted for Commission rate regulation under Minnesota Statute § 216B.026. Second, the legislative directives in Minnesota Statute § 216B.1622 are related primarily to rates, rate design, and cost of service. The Cooperative's proposal is a tariff change request addressing the process and costs related to extending service to prospective large load customers and is not related to rates or rate design.¹⁷ As described in the Cooperative's Petition, a prospective large load may request design, engineering, and construction of facilities required to extend service to the new load and may ultimately not take service from Dakota Electric for various reasons. If Dakota Electric ends up executing an Electric Service Agreement (ESA) with a large load, it is likely that the considerations in Minnesota Statute §216B.1622, subd. 2 will be addressed in the ESA or other future regulatory filings associated with the terms of service with the load.

The Department and CUB raised concerns regarding dispute resolution provisions in the agreements. The Department noted that the E&C Agreement did not contain a governing law or dispute resolution provision, and the Department suggested

¹⁷ Further, to the extent the Commission were to evaluate the proposed tariff modifications based on considerations in Minn. Stat. §216B.1622, Dakota Electric has structured the proposed tariff to ensure that all costs incurred prior to a extraordinary large load customer taking service are assigned to and paid by that prospective load upfront and that other members are not placed at risk for paying stranded costs in the event the prospective load does not materialize or fails to take service on the timeline initially anticipated.

that Dakota Electric incorporate provisions addressing the forum in and process by which disputes relating to the E&C Agreement will be resolved.¹⁸ Dakota Electric is willing to work with the Department to determine whether the E&C Agreement needs to include a governing law and a dispute resolution provision. The Cooperative does not provide additional recommendations at this time because, if the Commission decides to treat the LOA and E&C Agreement like our TSM (which is discussed earlier in these Reply Comments), it may require a different dispute resolution process than if the Commission takes no formal action on these agreements. If the Commission determines that treating the LOA and E&C Agreement similarly to our TSM is appropriate, Dakota Electric could file final versions of the agreements as a compliance filing following issuance of the Commission's order in this proceeding.

CUB expressed concern with the inclusion of an arbitration provision in the LOA. CUB argued that arbitration results in binding decision with significant implications not only for the parties to the agreement, but also for the Cooperative's other members.¹⁹ The Cooperative provided discussion regarding our decision to include an arbitration provision in our LOA in response to OAG discovery.²⁰ In this response, Dakota Electric noted that in its experience arbitration is faster and less expensive than litigating disputes in court. As a result, the arbitration provision in the LOA should not be removed.

Dakota Electric Updated Tariff Proposal

As noted earlier in these Reply Comments, Dakota Electric concluded that minor changes to its originally filed tariff language are appropriate. The Cooperative also concluded that after reviewing the OAG's comments, and the concerns raised by other parties, that it is appropriate to incorporate additional information about the determination and application of CIAC payments in the tariff. Dakota Electric recommends the following modifications to our original tariff proposal:

¹⁸ Department Comments, Page 7.

¹⁹ CUB Comments, Page 4.

²⁰ DEA Attachment R-3. Dakota Electric response to OAG Information Request No. 005.

Extraordinary Large Commercial and Industrial and System Intensive Members

Dakota Electric Association will provide electric service, to the extent capacity is available, to large commercial and industrial members requiring: 1) service delivery at a voltage other than the Association's regular and customary service of 12.5 kV and 2) system intensive members, in accordance with established applicable rates and charges or a Commission-approved Electric Service Agreement, when the anticipated revenue from the prospective member justifies the expenditure. System intensive members are considered members served from Dakota Electric's 12.5 kV distribution system, with service requirements that involve significant system modifications, design, and/or engineering to extend service to these members. The Association will exercise reasonable discretion, based on internal workflows and load characteristics, to determine what member is considered system intensive. Members requesting, or requiring, this type of service will be screened through Dakota Electric's large load engineering project queue and will be required to execute the Association's Letter of Authorization and Engineering and Construction agreements to protect the financial interests of the Association and its other members. An economic analysis and an engineering analysis will be made for any member requesting this type of service and a contribution in aid of construction will be required for necessary distribution equipment and upgrades. The contribution in aid of construction and construction (CIAC) and energization requirements are detailed in the Association's Letter of Authorization and Engineering and Construction Agreements.

For members deemed subject to this section, the CIAC will represent the estimated total costs that the Association will incur to plan, design, procure, construct, and purchase electric facilities, infrastructure, or related equipment associated with, and necessary, to serve this member. Association will track actual project costs as they are incurred and CIAC will be trued-up upon completion of the project.

For members deemed subject to this section, the CIAC shall be paid to the Association under the following schedule:

Payment No. 1 - 40% of estimated CIAC amount is due within thirty (30) business days of member's receipt of an invoice from Association, which will be issued promptly following full execution of the Engineering and Construction agreement.

Payment No. 2 - 30% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Association which will be issued when Dakota Electric Association completes utility substation design or system design and member completes circuit engineering design.

Payment No. 3 - 20% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Dakota Electric which will be issued approximately two (2) months prior to commencement of construction of the Association's distribution substation or system upgrades.

Payment No. 4 - 5% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Association which will be issued approximately two (2) months prior to delivery of power transformers to the project.

Payment No. 5 - 5% of estimated CIAC amount is due within twenty (20) business days of Customer's receipt of an invoice from Dakota Electric which will be issued when Association declares that the project's electrical infrastructure is ready for commissioning.

In the event that a member subject to this section delays for an extended period the design or construction of the project, Association may stop work and member shall reimburse Dakota Electric for all outstanding costs. In the event that a member subject to this section terminates the project prior to payment of all estimated CIAC, the member shall provide Dakota Electric reasonable notice of termination and compensate Association for all commercially reasonable and documented expenses, including outstanding CIAC payments for purchased equipment or infrastructure, incurred by or billed to Dakota Electric for work through the effective date of termination.

Dakota Electric recommends minor adjustments to our original proposal, because we believe these clarify the application of the tariff and when discretion would be used in the application of the tariff provision. We also believe that these minor changes specifically address concerns from CUB because the tariff denotes that system intensive members are those to be served by the 12.5kV distribution system. In terms of the CIAC related changes, we believe these modifications address the concerns the parties have about these charges and protections only being specified in the non-tariffed agreements.

The changes also provide additional clarity about the large load process without having to reference the entirety of either the LOA or E&C Agreement. These changes are also shown in DEA Attachment R-4.

Conclusion

The Cooperative appreciates the review of our Petition by the parties in this matter, and we respectfully request that the Commission approve the modifications to our Extension of Service tariff including the revisions and modification provided in these Reply Comments. For the reasons discussed in Dakota Electric's Petition and these Reply Comments, the proposed tariff changes are necessary and prudent to protect existing members and create a fair and transparent review process for prospective large loads. Dakota Electric continues to believe that the Commission only needs to consider our LOA and E&C Agreement; however, if the Commission concludes that approval is appropriate, the Cooperative recommends that the Commission treat these agreements in the same manner that it does for our TSM, with any changes to the agreements filed with the Commission and automatically approved if no party files comments taking issue with the proposed modifications within 30 days. Dakota Electric will continue to monitor developments associated with these types of loads and acknowledges that further tariff changes or process improvements may be necessary in the future.

If you or your staff have any questions about these comments, please contact me at 651-463-6258 or aheinen@dakotaelectric.com.

Sincerely,

/s/ Adam J. Heinen

Adam J. Heinen
Vice President of Regulatory Services
Dakota Electric Association
4300 220th Street West
Farmington, MN 55024

Certificate of Service

I, Nicole McEathron, hereby certify that I have this day served copies of the attached document to those on the following service list by e-filing, personal service, or by causing to be placed in the U.S. mail at Farmington, Minnesota.

Docket No. E111/M-25-178

Dated this 29th day of July 2025

/s/ Nicole McEathron

Nicole McEathron

OAG No. 003

**State of Minnesota
Office of the Attorney General
Utility Information Request**

In the Matter of the Petition of Dakota Electric Association to Modify its Extension of Service Tariff **MPUC Docket No.**

E-111/M-25-178

Requested from: Dakota Electric Association

Requested by: OAG-RUD

Date of Request:
Due Date:

May 13, 2025
May 30, 2025

Definitions: The Definitions provided in OAG Information Request Number 002 apply to the requests below.

Reference: Dakota Petition at 9 states:

Dakota Electric does not propose including our LOA and E&C Agreements in our tariff, but we see these agreements as being akin to our internal engineering standards or our Technical Specification Manual (TSM) for distributed energy resources. Although formal Commission approval of these agreements is not necessary, nor is Dakota Electric requesting this, we do believe that an acceptance or acknowledgement of the process may be administratively helpful and provide regulatory, and process certainty, for potential members.

Request:

- A. Provide all reasons why Dakota Electric believes it is in its members' interests to not include the LOA or E&A Agreements in its tariffs.
- B. Provide all reasons why Dakota Electric believes it is in the public interest to not include the LOA or E&A Agreements in its tariffs.

Response:

- A. There are two primary reasons why Dakota Electric believes it is in our members' interest to not include these agreements in the tariff. First, the development of these type of loads (notably hyperscale data center) is still evolving, and it is a new type of load for Dakota Electric. It is possible that minor developments or changes could be appropriate and, if

Response by: Adam Heinen _____
Title: Vice President _____
Department: Regulatory Services _____
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the agreements are in the tariff, it would require Commission-approval of these minor adjustments. Second, not including the agreements in the tariff provides Dakota Electric with a degree of flexibility based on the characteristics of a prospective load. For example, the E&C Agreement includes a Contribution-in-Aid-of-Construction (CIAC) schedule, but if we had a speculative type load (*e.g.*, Crypto-mining) look to site in our service territory, it would be in our members' best interest for us to require CIAC of all costs or at a cost level higher than what is set forth in the schedule.

- B. Dakota Electric believes that member interest and the public interest are sufficiently similar in this instance.

Response by: Adam Heinen _____
Title: Vice President _____
Department: Regulatory Services _____
Telephone: 651-463-6258 _____
Email: aheinen@dakotaelectric.com _____

IEEE 1547-2018 was published, significantly revising the technical interconnection and interoperability requirements. A key component of Phase II has been aligning the TIIR with IEEE 1547-2018. However, these new standards require equipment that is still in the process of being certified by the relevant authorities. The draft TIIR provides that utilities “cannot require the use of certified equipment that meets the requirements of IEEE 1547-2018 until such time the equipment is readily available.”⁸ This order addresses interim implementation of the TIIR while this newly certified equipment becomes available.

III. Utilities’ Technical Specification Manuals

A. Parties’ Positions

In its comments, IREC-FE expressed concern that “very significant” technical specifications were being addressed in the TSMs rather than the TIIR, because having different standards for each utility would “complicate the interconnection process” and reduce scrutiny of these requirements.⁹ IREC-FE recommended that utilities should file redlined versions of any TSM changes and proposed a process allowing stakeholders to object to TSM provisions. IREC-FE also urged that “TSMs must neither conflict with the TIIR’s standards nor establish technical requirements that go beyond those in the TIIR.”¹⁰

The Department interpreted the relevant rules to require the annual filing of the TSM as part of a utility’s annual reporting under Minn. R. 7835.0300. The Department argued that the required contents of Schedule E encompasses the TSM.

Utilities generally opposed extensive regulatory review and oversight of TSMs, arguing that a long regulatory approval process would hinder their ability to update TSMs quickly and efficiently to adapt to new technologies. Utilities expressed concern that delaying implementation of TSM changes could hamper their efforts to address safety or reliability issues. Xcel in particular argued that the Commission should not require that TSMs be filed in Schedule E of the utilities’ annual tariff filing, and that the TSM should not be part of the utility’s tariff. DEA recommended an informational filing whenever a TSM is updated, and Otter Tail recommended that TSM changes occur no more than every six months. Finally, MREA submitted an updated outline of the topics that will be addressed in the TSMs.

B. Commission Action

The TSMs are an integral part of the Minnesota Technical Requirements and contain significant standards and requirements. The Commission therefore finds that it is necessary for potential interconnection customers to be able to access and voice concerns with a utility’s TSM. The Commission also recognizes that TSM updates may impact safety or reliability, and utilities must be able to act quickly to address those issues. Below the Commission adopts a process for updating and publicizing the TSMs that balances stakeholder interests in access and input with the utilities’ safety and reliability obligations.

⁸ TIIR, at 1.6.

⁹ IREC-FE comments, at 3.

¹⁰ *Id.* at 5.

The Commission will require each rate-regulated utility to make its draft TSM available to the DG Workgroup no later than April 1, 2020, for review and discussion. Each rate-regulated utility shall file its final TSM no later than May 1, 2020.

After the final TSMs and any subsequent updates are filed, objections may be filed with the Commission within a 30-day period. Any objections should clearly identify the challenged provisions, the basis for the objection, and a preferred alternative approach where possible. If no objections are received, the TSM shall automatically become effective 30 days after filing. If objections are received, the Commission will make a formal determination on the objections before the challenged TSM can become effective. However, if the utility represents that safety or reliability will be directly affected by delayed implementation, then the TSM will immediately become effective while the Commission makes a formal determination on the objections. The absence of objections to a TSM during the initial 30-day objection period does not waive or nullify future objections to any TSM provisions.

The Commission will require rate-regulated utilities to file an informational notice with the webpage link each time their TSM is updated, which will help keep stakeholders informed of any changes to the TSM.

The Commission will require rate-regulated utilities to file their TSMs as part of their annual reporting under Minn. R. 7835.0300. The filing shall include a red-line of any changes, but the TSM is not required to be included in the utility's tariff. This process will promote access to TSMs and ensure compliance with the requirement that a utility's safety standards and interconnection operating procedures be filed on an annual basis.¹¹ By not requiring the TSMs to be included in the tariffs, utilities will have more flexibility to update and refine the TSMs.

The following principles applicable to TSMs are drawn from Minn. R. 7835.0800:

- The standards and procedures contained in the TSM must not be more restrictive than the standards contained in the TIIR.
- The utility may include suggested types of equipment to perform the specified functions.
- No standard or procedure may be established to discourage cogeneration or small power production.

IV. Implementation of TIIR

A. Parties' Positions

IREC-FE expressed concern with some of the draft TIIR's provisions regarding interim implementation until equipment certified under IEEE 1547-2018 becomes available. In particular, IREC-FE argued that the term "readily available" is vague and needs clarification. IREC-FE instead recommended that newly certified equipment be required three months after

¹¹ See Minn. R. 7835.0300, .0800.

OAG No. 005

**State of Minnesota
Office of the Attorney General
Utility Information Request**

In the Matter of the Petition of Dakota Electric Association to Modify its Extension of Service Tariff **MPUC Docket No.**

E-111/M-25-178

Requested from: Dakota Electric Association

Requested by: OAG-RUD

Date of Request:
Due Date:

May 13, 2025
May 30, 2025

Definitions: The Definitions provided in OAG Information Request Number 002 apply to the requests below.

Reference: Dakota Petition, Ex. A at page 8, Letter of Authorization (LOA), Parts A and J.

Request:

- A. Describe Dakota Electric's understanding of the allocation of the costs between the parties to the LOA of any arbitration contemplated by Part J of the LOA.
- B. State where in the LOA the allocation of arbitration costs is described.
- C. State whether the Commercial Rules of the American Arbitration Association are intended to govern the arbitration hearing contemplated by Part J of the LOA.
 1. If the answer to Part C is negative, state which arbitration rules will govern the arbitration hearing contemplated by Part J of the LOA.
 2. If the answer to Part C is affirmative, state why Part J does not reference the governing rules.
- D. Describe how Dakota Electric will ensure that its ratepayers are protected from any arbitration costs, transcript costs, filing fees, legal costs, attorneys' fees, or other costs arising from arbitration as contemplated by Part A or Part J of the LOA.
- E. Describe how Dakota Electric will ensure that its ratepayers are protected from any filing fees, legal costs, attorneys' fees, or other costs arising from challenges to the arbitration provisions in Part A or Part J of the LOA.

Response by: Adam Heinen _____
Title: Vice President _____
Department: Regulatory Services _____
Telephone: 651-463-6258 _____
Email: aheinen@dakotaelectric.com _____

Response:

- A,B., The arbitration provision does not provide for who will pay for costs. Just like any other commercial dispute, each party will pay their own expenses. If the matter were to be brought in Court instead, each party would also bear its own expenses. In our experience, arbitration is faster and less expensive, even with paying for half of the arbitrator's expenses. The only additional expense in arbitration is the arbitrator's fee.
- C. No, the provision does not state that it is governed by the AAA rules, but as the provision provides for three arbitrators, and the selection is identical to how they are selected when using AAA, the parties can agree to use AAA rules if they wish.
1. This is speculative, but the parties can agree to rules which will benefit all involved, if, or when, a dispute that requires arbitration occurs.
- D. Just as ratepayers would be responsible for a portion of the costs of litigation as it is an overall business expense for Dakota Electric, in the unlikely event of an arbitration, ratepayers would pay for expense of the arbitrator's fee. As noted in Part B, it is more cost effective to use arbitration because it is generally less expensive than litigation. By requiring arbitration, we believe it will reduce the overall litigation expense risk for our members/ratepayers.
- F. In the event that there is a challenge to arbitration, and the dispute goes to court, our members would pay for reasonable litigation costs to protect the interest of the cooperative and its members, who are also ratepayers.

Response by: Adam Heinen _____
Title: Vice President _____
Department: Regulatory Services _____
Telephone: 651-463-6258 _____
Email: ahainen@dakotaelectric.com _____

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MEMBER SERVICE INFORMATION EXTENSION OF SERVICE CONTINUED

Commercial and Industrial Members, Multi-Tenant Residential Facilities, and Seasonal Accounts

1. Dakota Electric Association will provide single-phase or three-phase electric service to commercial (including commercial developments) and industrial members and multi-tenant residential facilities in accordance with established applicable rates and charges when the anticipated revenue justifies the expenditure. Dakota Electric Association will install, own, and maintain the primary service to a point of connection designated as either a single-phase or three-phase transformer. An economic analysis will be made for any service that involves abnormally high investments, and/or those with low anticipated revenue. A contribution in the aid of construction will be required if the estimated investment is not justified by the anticipated revenue, calculated as follows for service provided under the applicable rate schedule:

	<u>Sched. 31</u>	<u>Sched. 41</u>	<u>Sched. 46</u>	<u>Sched. 70/71</u>
	<u>Factor</u>	<u>Factor</u>	<u>Factors</u>	<u>Factors</u>
Estimated Extension Costs				
- Annual Sum of Monthly Non-Coincident Billing Demand (kW) times applicable rate schedule factor	NA	NA	\$10.09	\$10.61
- Annual Sum of Monthly billed energy (kWh) times applicable rate schedule factor	NA	\$0.15958	\$0.03157	\$0.02529
- Credit per Residential Unit times number of residential units in the complex	\$1,282	NA	NA	NA
= Required Contribution in Aid of Construction				

When underground service is requested, the member shall provide a right-of-way strip that is within four (4) inches, plus or minus, of the finished grade. The right-of-way must be free from obstructions and completely accessible to the Association's equipment.

The member shall furnish the pad for the padmounted transformer on underground systems in accordance with specifications provided by Dakota Electric Association.

The member will pay any additional installation costs incurred by the Association because of:

1. delays caused by member;
2. installation of underground facilities after ground is frozen;
3. soil conditions that impair the installation of underground facilities, such as rock formations;
4. paving of streets, alleys or other areas prior to the installation of the underground facility;
5. above-average permit costs; or
6. DNR crossing fees.

There may be situations where the member shall be required to install sections of conduit, such as underground entrance to a pad, which shall be at no cost to the Association.

The 2000 KVA distribution transformer is the largest size that Dakota Electric Association will install. Multiple transformers and service entrances will be required when service capacity requirements exceed 2000 KVA. The member cannot parallel multiple transformer services without written Dakota Electric approval of the design.

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MEMBER SERVICE INFORMATION
EXTENSION OF SERVICE CONTINUED

~~The 2000 KVA distribution transformer is the largest size that Dakota Electric Association will install. Multiple transformers and service entrances will be required when service capacity requirements exceed 2000 KVA. The member cannot parallel multiple transformer services without written Dakota Electric approval of the design.~~

2. Irrigation Members

Dakota Electric Association will provide service to irrigation members in accordance with established applicable irrigation rates and in the "Agreement for Electric Service (Irrigation and Other Seasonal Loads). An economic analysis will be made for extensions to irrigation service. A contribution in aid of construction will be required if the estimated investment is not justified by the anticipated revenue.

The member shall furnish the pad for the padmounted transformer on underground systems in accordance with specifications provided by Dakota Electric Association.

3. Primary Metered Installations

Depending on the configuration of the Dakota Electric primary system, the member may have the option of installing primary metering on the 12.5kV system. Credits for primary service may be available as specified in applicable rate schedules. Many times this option is not available without the installation of additional 12.5kV facilities so as to allow for proper metering and so as not to negatively impact the reliability of other Dakota Electric member loads interconnected with the Dakota Electric distribution system.

- A. The member is responsible for all integration and installation costs for the primary metering system.
- B. The member is responsible for purchasing, owning and operating, all 12.5kV electrical facilities on the member's side of the primary metering installation(s). This includes responsibility for routine and emergency maintenance of those purchased primary facilities, which includes emergency transformer replacement and emergency primary facility repairs.
- C. Primary Metering is required for all primary wires feeding the facilities/complex.
- D. Dakota Electric, the National Electric Code, or both may require special protection for the member's primary system. The member is required to provide any necessary protection. This protection is required to be coordinated with the DEA distribution system's protection.

Extraordinary Large Commercial and Industrial and System Intensive Members

Dakota Electric Association will provide electric service, to the extent capacity is available, to large commercial and industrial members requiring: 1) service delivery at a voltage other than the Association's regular and customary service of 12.5 kV and 2) system intensive members, in accordance with established applicable rates and charges or a Commission-approved Electric Service Agreement, when the anticipated revenue from the prospective member justifies the expenditure. System intensive members are considered members served from Dakota Electric's 12.5 kV distribution system with service requirements that involve significant system modifications, design, and/or engineering to extend service to these members. The Association will exercise reasonable discretion, based on internal workflows and load characteristics, to determine what member is considered system intensive. Members requesting, or requiring, this type of service will be screened through Dakota Electric's large load engineering project queue and will be required to execute the Association's Letter of Authorization and Engineering and Construction agreements to protect the financial interests of the Association and its other members. An economic analysis and an engineering analysis will be made for any member requesting this type of service and a contribution in aid of construction (CIAC) will be required for necessary distribution equipment and upgrades. The contribution in aid of construction and construction and energization requirements are detailed in the Association's Letter of Authorization and Engineering and Construction Agreements.

Issued:
7/29/25

Docket Number: E-111/GRM-25-
17814-482

Effective:
11/12/25

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For members deemed subject to this section, the CIAC will represent the estimated total costs that the Association will incur to plan, design, procure, construct, and purchase electric facilities, infrastructure, or related equipment associated with, and necessary, to serve this member. Association will track actual project costs as they are incurred and CIAC will be trued-up upon completion of the project.

For members deemed subject to this section, the CIAC shall be paid to the Association under the following schedule:

Payment No. 1 - 40% of estimated CIAC amount is due within thirty (30) business days of member's receipt of an invoice from Association, which will be issued promptly following full execution of the Engineering and Construction agreement.

Payment No. 2 - 30% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Association which will be issued when Dakota Electric Association completes utility substation design or system design and member completes circuit engineering design.

Payment No. 3 - 20% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Dakota Electric which will be issued approximately two (2) months prior to commencement of construction of the Association's distribution substation or system upgrades.

Payment No. 4 - 5% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Association which will be issued approximately two (2) months prior to delivery of power transformers to the project.

Payment No. 5 - 5% of estimated CIAC amount is due within twenty (20) business days of Customer's receipt of an invoice from Dakota Electric which will be issued when Association declares that the project's electrical infrastructure is ready for commissioning.

In the event that a member subject to this section delays for an extended period the design or construction of the project, Association may stop work and member shall reimburse Dakota Electric for all outstanding costs. In the event that a member subject to this section terminates the project prior to payment of all estimated CIAC, the member shall provide Dakota Electric reasonable notice of termination and compensate Association for all commercially reasonable and documented expenses, including outstanding CIAC payments for purchased equipment or infrastructure, incurred by or billed to Dakota Electric for work through the effective date of termination.

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MEMBER SERVICE INFORMATION
EXTENSION OF SERVICE
SPECIAL FACILITIES

A. Definitions

1. Municipality is defined as any one of the following entities: a county, a city, a township or any other unit of local government.
2. City is defined as either a statutory city or home rule charter city consistent with Minn. Stat. sections 410.015 and 216B.02, subd. 9.
3. Special facilities are defined as non-standard facilities, non-standard design or non-standard location of facilities.
4. Special facilities are the type of services that results in costs in excess of the Association designated service installation. Common examples are duplicate service facilities, special switching equipment, special service voltage, three phase service where single phase service is adequate, excess capacity, underground installations to wood poles, conversion from overhead to underground service, specific area undergrounding, other special undergrounding, and relocation or replacement of existing Association facilities.

B. General Rule

When requested by the member, group of members, developer, or municipality to provide types of service that result in an expenditure in excess of the Association designated service installation the requesting member, group of members, developer, or municipality will be responsible for such excess expenditure. Common examples of these requests are duplicate service facilities, special switching equipment, special service voltage, three phase service where single phase service is adequate, excess capacity, capacity for intermittent equipment, trailer park distribution systems, underground installations to wood poles, conversion from overhead to underground, urban renewal undergrounding, other special undergrounding, and relocation or replacement of existing Association facilities.

C. Public Right-of-Way

1. Replacement, Modification or Relocation Due to Construction.

Whenever a governing body that manages a public right-of-way orders the Association to replace, modify or relocate its existing distribution facilities due to construction on said public right-of-way, such facilities will be relocated at Association expense, provided the construction is the most economical, industry accepted installation designated by the Association. If the governing body or municipality requests a type of construction with

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costs in excess of the Association designated construction, such excess expenditures will be the responsibility of the municipality or the Association's members residing within the municipality. However, if the governing body issuing the order requiring construction on the public right-of-way does not pay the excess cost, the Association may seek Commission approval to recover such excess expenditures from the ratepayers residing in the governing body's territory.

2. Replacement, Modification or Relocation Due to Vacation of Public Right-of-Way.

Whenever a governing body of public right-of-way orders the Association to replace, modify or relocate its existing distribution facilities due to a vacation of a public right-of-way, the Association will be responsible for such expenditure. The Association may request that the governing body pay for the aforementioned expenditure. However, if the governing body chooses not to pay, the Association may seek approval from the Commission to recover this expenditure from the ratepayers residing in the governing body's territory.

D. Construction Requirements for Special Facilities

The Association will initially install special distribution facilities (which may include installation of standard facilities at a location/route deemed non-standard by the company) or the Association will replace, modify or relocate to an Association-approved location/route its existing distribution facilities upon a request of a member, group of members, developer, or upon order or request of a municipality. The benefited member, group of members, developer or municipality will be responsible for all costs in excess of standard installation for new facilities plus the value of the undepreciated life of existing facilities being removed minus the salvage value. However, if the municipality does not pay for the excess expenditure, the Association may seek Commission approval to recover such expenditure from the requesting municipality.

E. Underground Facilities Requirements

The following provisions apply when replacing overhead facilities with underground facilities:

1. The member, at their expense, must engage an electrician to adapt their electrical facilities to accept service from Association underground facilities.

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2. The Association will allow reasonable time for the member to make the necessary alterations to their facilities, before removal of the existing overhead facilities.
3. Perpetual easements will be granted to Association at no cost to the Association whenever any portion of the underground distribution system is located on private land. Said private easements also will allow the Association access for inspection, maintenance, and repair of Association facilities.
4. The Association will have full access to its facilities installed underground for the purpose of inspection, maintenance, and repair of such facilities, such right of access to include the right to open streets and alleys.
5. When undergrounding is the result of a municipal project, the municipality will designate and reserve a definite area within the public ways for the installation and location of Association underground facilities. Once the Association facilities have been installed in such designated and reserved areas, if the municipality requires removal or relocation of such facilities for any reason, the municipality will reimburse the Association for the cost of such removal or relocation. However, if the municipality does not pay for the aforementioned expenditure, the Association may seek approval from the Commission to recover this expenditure from the ratepayers residing in the municipality's territory.
6. The municipality will give sufficient notice and will allow the Association sufficient time to place its facilities beneath public ways while the same are torn up for resurfacing. The municipality shall provide Association with access to the torn up public ways during such period so that Association will have unobstructed use of sufficiently large sections of the public ways to allow installation of the underground facilities in an economic manner.
7. Secondary voltage service supplied from an underground distribution lateral installation will require that the member install, own, and maintain necessary conduits and secondary service conductors or bus duct to a point designated by Association within or adjacent to the secondary compartment of the transformer or vault. Association will make final connection of member's secondary service conductors or bus duct to Association's facilities.
8. Secondary voltage service supplied from underground secondary service conductors may require that the member install, own, or maintain necessary conduits on private property to a point designated by the Association at or near the property line. The secondary service conductors usually will be installed by the member in his conduit,

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However, in some installations it may be preferred to have Association provide a continuous installation from the Association facilities through the member conduit to his service equipment. In these installations the member must pay the total installed cost of the Association's cable installed on private property. The Association will make the final connection of member's secondary service connectors to Association's facilities.

F. Special Facilities Payments

The requesting party shall execute an agreement or service form pertaining to the installation, operation and maintenance, and payment of the facilities. Payments required will be made on a non-refundable basis and may be required in advance of construction unless other arrangements are agreed to in writing by the Association. The facilities installed by the Association shall be the property of the Association. Any payment by a member, group of members, developer or municipality shall not entitle him to any ownership interest or rights therein.

Payment for special facilities may be required by either, or a combination, of the following methods as prescribed by the Association: a single charge for the costs incurred or to be incurred by the Association due to such a special installation or a monthly charge being one-twelfth of Association's annual fixed costs necessary to provide such a special installation. The monthly charge will be discontinued if the special facilities are removed. When special distribution facilities are requested by a municipality and payment is not made by the municipality, the Association may seek approval from the Commission to recover its excess expenditure from the municipality's ratepayers.

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Commercial and Industrial Members, Multi-Tenant Residential Facilities, and Seasonal Accounts

1. Dakota Electric Association will provide single-phase or three-phase electric service to commercial (including commercial developments) and industrial members and multi-tenant residential facilities in accordance with established applicable rates and charges when the anticipated revenue justifies the expenditure. Dakota Electric Association will install, own, and maintain the primary service to a point of connection designated as either a single-phase or three- phase transformer. An economic analysis will be made for any service that involves abnormally high investments, and/or those with low anticipated revenue. A contribution in the aid of construction will be required if the estimated investment is not justified by the anticipated revenue, calculated as follows for service provided under the applicable rate schedule:

	<u>Sched. 31</u>	Sched. 41	Sched. 46	Sched. 70/71
	<u>Factor</u>	<u>Factor</u>	<u>Factors</u>	<u>Factors</u>
Estimated Extension Costs				
- Annual Sum of Monthly Non-Coincident Billing Demand (kW) times applicable rate schedule factor	NA	NA	\$10.09	\$10.61
- Annual Sum of Monthly billed energy (kWh) times applicable rate schedule factor	NA	\$0.15958	\$0.03157	\$0.02529
- Credit per Residential Unit times number of residential units in the complex	\$1,282	NA	NA	NA
= Required Contribution in Aid of Construction				

When underground service is requested, the member shall provide a right-of-way strip that is within four (4) inches, plus or minus, of the finished grade. The right-of-way must be free from obstructions and completely accessible to the Association's equipment.

The member shall furnish the pad for the padmounted transformer on underground systems in accordance with specifications provided by Dakota Electric Association.

The member will pay any additional installation costs incurred by the Association because of:

1. delays caused by member;
2. installation of underground facilities after ground is frozen;
3. soil conditions that impair the installation of underground facilities, such as rock formations;
4. paving of streets, alleys or other areas prior to the installation of the underground facility;
5. above-average permit costs; or
6. DNR crossing fees.

There may be situations where the member shall be required to install sections of conduit, such as underground entrance to a pad, which shall be at no cost to the Association.

The 2000 KVA distribution transformer is the largest size that Dakota Electric Association will install. Multiple transformers and service entrances will be required when service capacity requirements exceed 2000 KVA. The member cannot parallel multiple transformer services without written Dakota Electric approval of the design.

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MEMBER SERVICE INFORMATION
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2. Irrigation Members

Dakota Electric Association will provide service to irrigation members in accordance with established applicable irrigation rates and in the "Agreement for Electric Service (Irrigation and Other Seasonal Loads). An economic analysis will be made for extensions to irrigation service. A contribution in aid of construction will be required if the estimated investment is not justified by the anticipated revenue.

The member shall furnish the pad for the padmounted transformer on underground systems in accordance with specifications provided by Dakota Electric Association.

3. Primary Metered Installations

Depending on the configuration of the Dakota Electric primary system, the member may have the option of installing primary metering on the 12.5kV system. Credits for primary service may be available as specified in applicable rate schedules. Many times this option is not available without the installation of additional 12.5kV facilities so as to allow for proper metering and so as not to negatively impact the reliability of other Dakota Electric member loads interconnected with the Dakota Electric distribution system.

- A. The member is responsible for all integration and installation costs for the primary metering system.
- B. The member is responsible for purchasing, owning and operating, all 12.5kV electrical facilities on the member's side of the primary metering installation(s). This includes responsibility for routine and emergency maintenance of those purchased primary facilities, which includes emergency transformer replacement and emergency primary facility repairs.
- C. Primary Metering is required for all primary wires feeding the facilities/complex.
- D. Dakota Electric, the National Electric Code, or both may require special protection for the member's primary system. The member is required to provide any necessary protection. This protection is required to be coordinated with the DEA distribution system's protection.

Extraordinary Large Commercial and Industrial and System Intensive Members

Dakota Electric Association will provide electric service, to the extent capacity is available, to large commercial and industrial members requiring: 1) service delivery at a voltage other than the Association's regular and customary service of 12.5 kV and 2) system intensive members, in accordance with established applicable rates and charges or a Commission-approved Electric Service Agreement, when the anticipated revenue from the prospective member justifies the expenditure. System intensive members are considered members served from Dakota Electric's 12.5 kV distribution system with service requirements that involve significant system modifications, design, and/or engineering to extend service to these members. The Association will exercise reasonable discretion, based on internal workflows and load characteristics, to determine what member is considered system intensive. Members requesting, or requiring, this type of service will be screened through Dakota Electric's large load engineering project queue and will be required to execute the Association's Letter of Authorization and Engineering and Construction agreements to protect the financial interests of the Association and its other members. An economic analysis and an engineering analysis will be made for any member requesting this type of service and a contribution in aid of construction (CIAC) will be required for necessary distribution equipment and upgrades. The contribution in aid of construction and construction and energization requirements are detailed in the Association's Letter of Authorization and Engineering and Construction Agreements.

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For members deemed subject to this section, the CIAC will represent the estimated total costs that the Association will incur to plan, design, procure, construct, and purchase electric facilities, infrastructure, or related equipment associated with, and necessary, to serve this member. Association will track actual project costs as they are incurred and CIAC will be trued-up upon completion of the project.

For members deemed subject to this section, the CIAC shall be paid to the Association under the following schedule:

Payment No. 1 - 40% of estimated CIAC amount is due within thirty (30) business days of member's receipt of an invoice from Association, which will be issued promptly following full execution of the Engineering and Construction agreement.

Payment No. 2 - 30% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Association which will be issued when Dakota Electric Association completes utility substation design or system design and member completes circuit engineering design.

Payment No. 3 - 20% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Dakota Electric which will be issued approximately two (2) months prior to commencement of construction of the Association's distribution substation or system upgrades.

Payment No. 4 - 5% of estimated CIAC amount is due within twenty (20) business days of member's receipt of an invoice from Association which will be issued approximately two (2) months prior to delivery of power transformers to the project.

Payment No. 5 - 5% of estimated CIAC amount is due within twenty (20) business days of Customer's receipt of an invoice from Dakota Electric which will be issued when Association declares that the project's electrical infrastructure is ready for commissioning.

In the event that a member subject to this section delays for an extended period the design or construction of the project, Association may stop work and member shall reimburse Dakota Electric for all outstanding costs. In the event that a member subject to this section terminates the project prior to payment of all estimated CIAC, the member shall provide Dakota Electric reasonable notice of termination and compensate Association for all commercially reasonable and documented expenses, including outstanding CIAC payments for purchased equipment or infrastructure, incurred by or billed to Dakota Electric for work through the effective date of termination.

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MEMBER SERVICE INFORMATION
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SPECIAL FACILITIES

A. Definitions

1. Municipality is defined as any one of the following entities: a county, a city, a township or any other unit of local government.
2. City is defined as either a statutory city or home rule charter city consistent with Minn. Stat. sections 410.015 and 216B.02, subd. 9.
3. Special facilities are defined as non-standard facilities, non-standard design or non-standard location of facilities.
4. Special facilities are the type of services that results in costs in excess of the Association designated service installation. Common examples are duplicate service facilities, special switching equipment, special service voltage, three phase service where single phase service is adequate, excess capacity, underground installations to wood poles, conversion from overhead to underground service, specific area undergrounding, other special undergrounding, and relocation or replacement of existing Association facilities.

B. General Rule

When requested by the member, group of members, developer, or municipality to provide types of service that result in an expenditure in excess of the Association designated service installation the requesting member, group of members, developer, or municipality will be responsible for such excess expenditure. Common examples of these requests are duplicate service facilities, special switching equipment, special service voltage, three phase service where single phase service is adequate, excess capacity, capacity for intermittent equipment, trailer park distribution systems, underground installations to wood poles, conversion from overhead to underground, urban renewal undergrounding, other special undergrounding, and relocation or replacement of existing Association facilities.

C. Public Right-of-Way

1. Replacement, Modification or Relocation Due to Construction.

Whenever a governing body that manages a public right-of-way orders the Association to replace, modify or relocate its existing distribution facilities due to construction on said public right-of-way, such facilities will be relocated at Association expense, provided the construction is the most economical, industry accepted installation designated by the Association. If the governing body or municipality requests a type of construction with

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costs in excess of the Association designated construction, such excess expenditures will be the responsibility of the municipality or the Association's members residing within the municipality. However, if the governing body issuing the order requiring construction on the public right-of-way does not pay the excess cost, the Association may seek Commission approval to recover such excess expenditures from the ratepayers residing in the governing body's territory.

2. Replacement, Modification or Relocation Due to Vacation of Public Right-of-Way.

Whenever a governing body of public right-of-way orders the Association to replace, modify or relocate its existing distribution facilities due to a vacation of a public right-of-way, the Association will be responsible for such expenditure. The Association may request that the governing body pay for the aforementioned expenditure. However, if the governing body chooses not to pay, the Association may seek approval from the Commission to recover this expenditure from the ratepayers residing in the governing body's territory.

D. Construction Requirements for Special Facilities

The Association will initially install special distribution facilities (which may include installation of standard facilities at a location/route deemed non-standard by the company) or the Association will replace, modify or relocate to an Association-approved location/route its existing distribution facilities upon a request of a member, group of members, developer, or upon order or request of a municipality. The benefited member, group of members, developer or municipality will be responsible for all costs in excess of standard installation for new facilities plus the value of the undepreciated life of existing facilities being removed minus the salvage value. However, if the municipality does not pay for the excess expenditure, the Association may seek Commission approval to recover such expenditure from the requesting municipality.

E. Underground Facilities Requirements

The following provisions apply when replacing overhead facilities with underground facilities:

1. The member, at their expense, must engage an electrician to adapt their electrical facilities to accept service from Association underground facilities.

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2. The Association will allow reasonable time for the member to make the necessary alterations to their facilities, before removal of the existing overhead facilities.
3. Perpetual easements will be granted to Association at no cost to the Association whenever any portion of the underground distribution system is located on private land. Said private easements also will allow the Association access for inspection, maintenance, and repair of Association facilities.
4. The Association will have full access to its facilities installed underground for the purpose of inspection, maintenance, and repair of such facilities, such right of access to include the right to open streets and alleys.
5. When undergrounding is the result of a municipal project, the municipality will designate and reserve a definite area within the public ways for the installation and location of Association underground facilities. Once the Association facilities have been installed in such designated and reserved areas, if the municipality requires removal or relocation of such facilities for any reason, the municipality will reimburse the Association for the cost of such removal or relocation. However, if the municipality does not pay for the aforementioned expenditure, the Association may seek approval from the Commission to recover this expenditure from the ratepayers residing in the municipality's territory.
6. The municipality will give sufficient notice and will allow the Association sufficient time to place its facilities beneath public ways while the same are torn up for resurfacing. The municipality shall provide Association with access to the torn up public ways during such period so that Association will have unobstructed use of sufficiently large sections of the public ways to allow installation of the underground facilities in an economic manner.
7. Secondary voltage service supplied from an underground distribution lateral installation will require that the member install, own, and maintain necessary conduits and secondary service conductors or bus duct to a point designated by Association within or adjacent to the secondary compartment of the transformer or vault. Association will make final connection of member's secondary service conductors or bus duct to Association's facilities.
8. Secondary voltage service supplied from underground secondary service conductors may require that the member install, own, or maintain necessary conduits on private property to a point designated by the Association at or near the property line. The secondary service conductors usually will be installed by the member in his conduit,

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However, in some installations it may be preferred to have Association provide a continuous installation from the Association facilities through the member conduit to his service equipment. In these installations the member must pay the total installed cost of the Association's cable installed on private property. The Association will make the final connection of member's secondary service connectors to Association's facilities.

F. Special Facilities Payments

The requesting party shall execute an agreement or service form pertaining to the installation, operation and maintenance, and payment of the facilities. Payments required will be made on a non-refundable basis and may be required in advance of construction unless other arrangements are agreed to in writing by the Association. The facilities installed by the Association shall be the property of the Association. Any payment by a member, group of members, developer or municipality shall not entitle him to any ownership interest or rights therein.

Payment for special facilities may be required by either, or a combination, of the following methods as prescribed by the Association: a single charge for the costs incurred or to be incurred by the Association due to such a special installation or a monthly charge being one-twelfth of Association's annual fixed costs necessary to provide such a special installation. The monthly charge will be discontinued if the special facilities are removed. When special distribution facilities are requested by a municipality and payment is not made by the municipality, the Association may seek approval from the Commission to recover its excess expenditure from the municipality's ratepayers.

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-178
2	Eric	Fehlhaber	efehlhaber@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	M-25-178
3	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-178
4	Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	M-25-178
5	Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association		4300 220th Street Farmington MN, 55024-9583 United States	Electronic Service		No	M-25-178
6	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-178
7	Will	Seuffert	will.seuffert@state.mn.us		Public Utilities Commission	121 7th PI E Ste 350 Saint Paul MN, 55101 United States	Electronic Service		Yes	M-25-178
8	Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP		2200 IDS Center 80 South 8th Street Minneapolis MN, 55402 United States	Electronic Service		Yes	M-25-178