




Your Touchstone Energy® Partner 

September 20, 2016

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

**Re: Dakota Electric Association Petition to  
Implement a Member Specific Discount Rider  
Docket No. E-111/M-16-\_\_\_**

Dear Mr. Wolf:

Dakota Electric Association (Dakota Electric or Cooperative) submits the attached Petition requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Member Specific Discount Rider. The proposed Member Specific Discount Rider will facilitate a pass-through of targeted wholesale capacity rate discounts to specific members receiving retail service from the Cooperative.

If you or your staff have any questions regarding this petition, please contact me at (651) 463-6258.

Sincerely,

*/s/ Douglas R. Larson*

---

Douglas R. Larson  
Vice President of Regulatory Services  
Dakota Electric Association  
4300 220<sup>th</sup> Street West  
Farmington, MN 55024  
651-463-6258  
dlarson@dakotaelectric.com

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF A  
DAKOTA ELECTRIC ASSOCIATION  
PETITION TO IMPLEMENT A  
MEMBER SPECIFIC DISCOUNT RIDER

DOCKET No. E-111/M-16-\_\_\_\_\_

**SUMMARY**

On September 20, 2016, Dakota Electric Association (Dakota Electric or Cooperative) submitted a petition requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Member Specific Discount Rider. The proposed Member Specific Discount Rider will facilitate a pass-through of targeted wholesale capacity rate discounts to specific members receiving retail service from the Cooperative.

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
Matthew Schuerger  
John Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

IN THE MATTER OF A  
DAKOTA ELECTRIC ASSOCIATION  
PETITION TO IMPLEMENT A  
MEMBER SPECIFIC DISCOUNT RIDER

DOCKET NO. E-111/M-16-\_\_\_\_  
SEPTEMBER 20, 2016

**PETITION OF DAKOTA ELECTRIC ASSOCIATION**

**I. Introduction**

Dakota Electric Association (Dakota Electric or Cooperative) submits the following Petition requesting Minnesota Public Utilities Commission (Commission or MPUC) approval to implement a Member Specific Discount Rider (MSD Rider). The proposed MSD Rider will facilitate a pass-through of targeted wholesale capacity rate discounts to specific members receiving retail service from the Cooperative.

**II. Filing Requirements**

Pursuant to Minn. Stat. § 216B.16, subd. 1 and Minn. Rule 7829.1300, Dakota Electric provides the following required general filing information.

**1. Summary of Filing (Minn. Rule 7829.1300, subp.1)**

A one paragraph summary accompanies this Petition.

**2. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)**

Pursuant to Minn. Rules 7829.1300, subp. 2, Dakota Electric eFiles this Petition on the Minnesota Department of Commerce – Division of Energy Resources and the Office of Attorney General – Residential Utilities and Antitrust Division.

**3. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))**

Dakota Electric Association  
4300 220th Street West  
Farmington, MN 55024  
(651) 463-6212

**4. Name, Address and Telephone Number of Utility Attorney (Minn. Rule 7829.1300, subp. 4(B))**

Eric F. Swanson  
Winthrop & Weinstine  
225 South Sixth Street, Suite 3500  
Minneapolis, Minnesota 55402-4629

**5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))**

This Petition is being filed on September 20, 2016. Minn. Rule 7825.3200 requires that utilities serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. The proposed MSD Rider will take effect upon Commission approval.

**6. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp.4(D))**

This Petition is made pursuant to Minn. Stat. § 216B.16. Dakota Electric's proposed MSD Rider falls within the definition of a "Miscellaneous Tariff Filing" under Minn. Rules 7829.0100, subp. 11. Minn. Rules 7829.1400, subp. 1 and 4 specify that comments in response to a miscellaneous filing be filed within 30 days, and reply comments be filed no later than 10 days from the expiration of the original comment period.

**7. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))**

Douglas R. Larson  
Vice President of Regulatory Services  
Dakota Electric Association  
4300 220<sup>th</sup> Street West  
Farmington, MN 55024  
651-463-6258  
[dlarson@dakotaelectric.com](mailto:dlarson@dakotaelectric.com)

**8. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 4(F))**

The proposed MSD Rider is a new offering and will not affect tariffed rates for other existing services. Any member specific rate discount offered through this proposed MSD

Rider will reflect a pass-through of targeted wholesale power discounts and not affect the recovery of distribution service costs.

The additional information required under Minn. Rule 7829.1300, subp. 4(F) is included throughout this Petition.

### **III. Petition**

#### Background

Dakota Electric's wholesale power supplier is Great River Energy (Great River or GRE). Dakota Electric purchases wholesale power from GRE under the terms and conditions of a wholesale rate structure that includes charges for transmission, capacity and energy services. Great River has also established special rate riders to facilitate programs such as load management for a variety of end-uses, options to acquire renewable energy, and mechanisms to coordinate service to distributed generation and qualifying facilities. Dakota Electric coordinates the wholesale rates and special rate riders from GRE with our local distribution service to provide full vertically integrated retail service to our members.

#### Member Specific Discount Rider

Dakota Electric proposes to implement a Member Specific Discount Rider to facilitate the pass-through of capacity discounts that GRE offers to attract new large retail loads to its members' service areas. Following is a 1) description of GRE's Capacity Rate Discount, 2) discussion of Dakota Electric's intent to coordinate the proposed MSD Rider with efforts of the State of Minnesota and our local municipalities, and 3) review of the proposed MSD Rider.

##### *1. GRE Capacity Rate Discount*

Great River Energy offers a Capacity Rate Discount (CRD) under one of its special rate riders. The CRD is available to all-requirements distribution members (like Dakota Electric) and may be used to attract new large retail loads. The eligibility criteria for the Capacity Rate Discount include:

- Available to new retail load with monthly coincident billing peak demand greater than or equal to 750 kW.
- Monthly non-coincident load factor must be greater than or equal to 40%.
- GRE must supply all (100%) of the retail load's electric requirements. On-site generation is not allowed.
- A single term agreement up to five consecutive years in length for firm service.
- Load will be ineligible for Interruptible Commercial and Industrial Service during the term of the agreement and, upon expiration, for an additional three years.
- Each month that metered coincident billing peak demand of the qualifying load is greater than or equal to 750 kW, a discount to the prevailing wholesale capacity rate will be applied to the demand of the qualifying load as specified in GRE's special rate rider.
- No discount will be applied to the prevailing capacity rate for the demand of the retail load in a month where the metered coincident billing peak demand of the retail load is less than 750 kW.

## *2. Coordination with Local and State Efforts*

As a member-owned electric cooperative, Dakota Electric strives to work closely with the communities we serve. Dakota Electric's work with local communities include partnering in the identification of development goals unique to each community, preparing sites that serve both the community and Dakota Electric's energy efficient load growth goals, and coordinating the attraction and expansion of new businesses. To date, efforts to increase development in our communities have been supported by the State of Minnesota and the local communities. Specifically, the Minnesota Department of Employment and Economic Development (DEED) provides support to new businesses through the Minnesota Investment Fund, the Job Creation Fund, and other programs. Municipalities support development through property tax relief and other assistance. The proposed MSD Rider will complement the efforts of the State of Minnesota and local municipalities by providing a short-term discount applied to electric charges in the form of a pass-through credit from our wholesale power supplier. Through this coordination, the MSD Rider will support development that has been vetted by the State of Minnesota and local municipalities.

## *3. Proposed MSD Rider*

Dakota Electric's proposed MSD Rider is shown on the attached tariff sheets identified as Section V, Sheets 58.0 to 58.1. Main features of the proposed MSD Rider include:

- The Member Specific Discount will be offered in coordination with local and state efforts to attract businesses to Dakota Electric's service area.
- The Terms and Conditions of Service #2 through #7 are consistent with GRE qualifying criteria to obtain the wholesale capacity discount.
- The MSD Rider will not be available to any entity in which Dakota Electric has greater than a 50 percent financial interest.
- Members seeking the Member Specific Discount must provide Dakota Electric with sufficient load information to verify eligibility.
- Members must enter into an agreement regarding the MSD Rider. The agreement will include an identification of the firm rate schedule under which electric service is provided, the amount of capacity discount based on the prevailing GRE wholesale special rate rider provisions, term of the discount, anticipated size of load, and verification that the member has been informed about the availability of an electric energy review. The electric energy review will ensure that member load is energy efficient.
- Finally, Dakota Electric will track the capacity discounts that are provided to individual members. The capacity discounts will flow through directly to qualifying members. These discounts will also lower the Cooperative's overall reported wholesale power costs. To avoid a double crediting of these capacity discounts – once to the individual member and a second time to all members through lower wholesale power costs – the capacity discounts will be reported in the Resource and Tax Adjustment annual filing like other load management rates.

#### **IV. Conclusion**

Based on the information provided in this filing, Dakota Electric requests Commission approval of the proposed Member Specific Discount Rider.

If you or your staff have any questions regarding this petition, please contact me at (651) 463-6258.

Dated: September 20, 2016

Respectfully Submitted,

*/s/ Douglas R. Larson*

---

Douglas R. Larson  
Vice President of Regulatory Services  
Dakota Electric Association  
4300 220<sup>th</sup> Street West  
Farmington, MN 55024  
651-463-6258



**Certificate of Service**

I, Cherry Jordan, 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. E-111/M-16-\_\_\_**

Dated this 20th day of September, 2016

*/s/ Cherry Jordan*

---

Cherry Jordan

## MEMBER SPECIFIC DISCOUNT RIDER

### **Availability**

Available to Commercial and Industrial members receiving service under Schedules 46 and 54 that have electric load that qualifies for a targeted wholesale capacity rate discount from the Association's wholesale power supplier. Service will be provided under the terms of a member-specific contract.

### **Rate**

Standard rate provisions for Schedules 46 and 54 apply, except that a discount will be applied to the monthly bill based on the member's demand during the wholesale coincident billing peak and the qualifying discount level. The monthly billing discount is available for up to five (5) consecutive years measured from the date electric service is first provided to the qualifying new retail load, or under other terms as offered by the Association's wholesale power supplier.

### **Terms and Conditions of Service**

1. The Member Specific Discount will only be offered as a complement to incentives for new load as provided by local and state government.
2. Available to new retail load with monthly coincident billing peak demand greater than or equal to 750 kW.
3. Monthly non-coincident load factor must be greater than or equal to 40%.
4. Dakota Electric must supply all (100%) of the retail load's electric requirements. On-site generation is not allowed.
5. Load will be ineligible for Interruptible Commercial and Industrial Service (Schedules 70 and 71) during the term of the agreement and, upon expiration, for an additional three years.
6. Each month that the metered coincident billing peak demand of the qualifying load is greater than or equal to 750 kW, a discount will be applied to the demand of the qualifying load as specified by Dakota Electric's wholesale power supplier.
7. No discount will be applied to the demand of the member's load in a month where the metered coincident billing peak demand of the load is less than 750 kW.
8. A Member Specific Rate may not be offered to a member in whom the Association has a financial interest greater than 50 percent.
9. Member must provide Association with information which documents that the member electrical load from the Association will qualify for the targeted wholesale capacity rate discount from Dakota Electric's power supplier.

MEMBER SPECIFIC DISCOUNT RIDER  
(Continued)

10. Member must execute an electric service agreement with Association which will at least include:
  - a. The billing rate components, specified as credits or charges as applicable.
  - b. The term in years for firm service.
  - c. The size of the load served under this Rider.
  - d. Verification that member has been fully informed of the availability of an electric energy review. If no electric energy review is performed for member, an explanation of why an electric energy review was not necessary will be included.
11. The Association will track the wholesale power cost credits associated with each Member Specific Discount and include the credits in the “Power Cost Correction Recovery Mechanism” as applicable in the Resource and Tax Adjustment filings to the Minnesota Public Utilities Commission. This will ensure that the credits Dakota Electric receives from its wholesale power supplier are not double-counted.

**Regulatory Review**

Each Member Specific Discount will be filed with the Public Utilities Commission (as a confidential information filing) before implementation. These confidential information filings will provide an overview of the discount being provided and confirm that the discount is a pass-through from Dakota Electric’s wholesale power supplier.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street Farmington, MN 550249583	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List