

February 7, 2020

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E111/M-20-78

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Filing by Dakota Electric Association Regarding the Monthly Fixed Charge per Meter for the Advanced Grid Infrastructure (AGI) Rider.

The Department recommends **approval** and is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ SAMIR OUANES
Public Utilities Rates Analyst

SO/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. E111/M-20-78

I. SUMMARY

On January 15, 2020, Dakota Electric Association (Dakota Electric or the Cooperative) filed a petition (Petition) requesting that the Minnesota Public Utilities Commission (Commission) approve the proposed 2020 Advanced Grid Infrastructure (AGI) Rider Monthly Fixed Charge per Meter amounts for various rate classes. Dakota Electric proposes that this charge would appear on member bills as a separate line item identified as “Advanced Meter Recovery.”

II. BACKGROUND INFORMATION

On November 20, 2017, Dakota Electric filed a petition requesting in part that the Commission approve the Cooperative’s proposed AGI Rider to allow Dakota Electric to recover the capital costs not yet in the Cooperative’s rate base (rate of return, incremental property taxes, and incremental depreciation expenses) of advanced metering infrastructure (AMI) and meter data management (MDM), net of operational savings.¹

AMI is the foundational component of the Advanced Grid functions. AMI is a system wide communication network that communicates with meters and other devices. The requested recovery through the tracker is for the capital costs for replacing existing meters with new AMI meters, which can read 15-minute usage intervals as well as report data on voltage, temperature, reverse power flows, and tampering. AMI also includes a system-wide meter communication network that allows for increased and two-way communication to and from devices on the Cooperative’s system.

The MDM recovery request includes the capital costs for a database with analytics and reporting tools. The database is equipped to store, validate, analyze, and report data collected by the AMI system and other communication systems. The MDM system is designed to provide members with a web portal to view their load over 15-minute intervals.

On May 8, 2018, the Commission issued its *Order Approving Recovery of Grid Modernization Costs* (2018 Order) in Docket No. E111/M-17-821 (17-821).

¹ Docket No. E111/M-17-821.

The 2018 Order noted that:

The Cooperative supported the Department's recommendation to design the AGi Rider rates to recover costs on a fixed per meter basis, with members sharing other costs, such as shared infrastructure and capitalized project management costs, based on energy usage. The Cooperative agreed with the Department's proposed changes in methodology, but suggested a refinement to allow the capitalized project management costs to be allocated in proportion to the allocation of shared infrastructure costs. The Cooperative also provided rate design calculations using this modification. In its reply comments, the Department agreed with the Cooperative's proposed modification. The rate for primary member classes assessed under the AGi rider would be as set forth below:^[2]

Member Class	Monthly Fixed Charge Per Member
Residential	\$1.22
Irrigation	\$3.30
Lighting	\$1.54
Small General	\$1.22
General	\$4.39
C&I Interruptible	\$14.97

The 2018 Order approved Dakota Electric's petition for recovery of AMI investments, as modified to recover costs on a per-meter basis.

On May 14, 2018, Dakota Electric filed its AGi Rider in compliance with the 2018 Order. In its compliance filing, the Cooperative clarified that:

... since there are presently no costs to recover through this rider, we have shown \$0.00 for each monthly fixed charge amount. Actual monthly fixed charge amounts will be established when Dakota Electric submits the first filing to the Commission seeking recovery under the rider.

² These rates are based on Dakota Electric's sample rate design calculations provided in the Cooperative's February 5, 2018 reply comments in 17-821.

III. DEPARTMENT ANALYSIS

Dakota Electric proposes to charge the following AGi Adjustment monthly fixed amount per meter in 2020:³

Member Class	Monthly Fixed Charge Per Meter
Residential	\$0.40
Irrigation	\$2.43
Small General	\$0.40
General	\$3.51
C&I Interruptible	\$13.58

The Department notes that these rates are lower than the Commission-approved sample rate design calculations provided by the Cooperative in its February 5, 2018 reply comments in 17-821.⁴

The Department also notes that Dakota Electric proposes two changes to the Commission-approved AGi Rider.

First, the Cooperative proposes to remove the Lighting class from the Commission-approved AGi Rider for the following reason:⁵

As Dakota Electric prepared this first AGi Rider filing, we determined that we need to remove a class previously identified for the Monthly Fixed Charge per Meter. Specifically, our original filing seeking approval to implement the AGi Rider included the lighting class in the sample calculations and AGi Rider tariff. However, as we worked through details, we realize that any meters that Dakota Electric has in place related to lighting consumption are for distribution system operation purposes and are not used for any billing. All lighting rates are established and approved at fixed amounts per month that do not rely on meters. Accordingly, our Revision 1 to the AGi Rider removes the lighting class.

³ Petition at page 10 of 12 (Advanced Grid Infrastructure Rider).

⁴ Dakota Electric's February 5, 2018 reply comments at page 13 of 20 in 17-821.

⁵ Petition at pages 6-7 of 12.

Since all lighting rates do not rely on meters, the Department does not object to the removal of the Lighting class from the AGi Rider.

Second, Dakota Electric proposes to remove property taxes from the Commission-approved calculation of the AGi Rider monthly rates for the following reason:⁶

While the Commission has approved recovery of incremental property taxes associated with AGi capitalized investments, Dakota Electric notes that the property tax component requires special consideration. Changes in property taxes (increases and decreases) are already automatically addressed through the property tax component in the Cooperative's Resource and Tax Adjustment (RTA). That is, Dakota Electric's base rates include recovery for property taxes. As relative annual property taxes change due to the addition of new AMI meters and removal of current meters, the property tax component of the RTA will track these changes and adjust revenue accordingly.

Since changes in property taxes are already addressed through the property tax component in the Cooperative's RTA, the Department does not object to the removal of property taxes from the Commission-approved calculation of the AGi Rider monthly rates.

Finally, the Department verified that the Cooperative used the Commission-approved methodology to calculate the proposed monthly fixed charge per meter for each class, while updating the input data to reflect 2020 forecasted data.

As a result, the Department recommends approval of Dakota Electric's proposed revisions of the AGi Rider.

However, to facilitate review of the upcoming Cooperative's true-up adjustment to the 2020 AGi Tracker Account, the Department requests Dakota Electric to provide in reply comments a breakdown of the forecasted data (capitalized costs, incremental depreciation and operational savings) using a format similar to the "Details for Recovery of AMI costs."⁷

IV. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

The Department recommends approval of Dakota Electric's proposed revisions of the AGi Rider.

⁶ Petition at page 6 of 12.

⁷ The "Details for Recovery of AMI costs" are attached to Dakota Electric's February 5, 2018 reply comments at page 15 of 20 in 17-821.

To facilitate review of the upcoming Cooperative's true-up adjustment to the 2020 AGI Tracker Account, the Department requests Dakota Electric to provide in reply comments a breakdown of the forecasted data (capitalized costs, incremental depreciation and operational savings) using a format similar to the "Details for Recovery of AMI costs" (Dakota Electric's February 5, 2018 reply comments at page 15 of 20 in E111/M-17-821).

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