

September 17, 2015

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/M-15-694

Dear Mr. Wolf:

On July 22, 2015, Dakota Electric Association (DEA or the Cooperative) filed a petition requesting that the Minnesota Public Utilities Commission (Commission) approve the implementation of three new rate schedules for light-emitting diode (LED) street lighting: LED Security Lighting Service, LED Street Lighting (Member-Owned), and LED Street Lighting (DEA-Owned - Contribution by Member). The Cooperative does not currently have rates in place for LED lighting.

On August 27, 2015, the Minnesota Department of Commerce (Department) filed comments requesting that DEA provide further information in reply comments related to how the contribution in aid of construction (CIAC) for the replacement of existing security lights with LED security lights would be calculated, and recommending that any CIAC to recover undepreciated costs in the Cooperative's proposed LED Security Lighting and LED Street Lighting (DEA-Owned - Contribution by Member) schedules be reduced by the salvage value of the replaced facilities if the facilities are 10 years old or less.

On September 3, 2015, the Cooperative submitted reply comments responding to the Department's comments and clarifying one issue. First, DEA indicated that its intention was to calculate the CIAC for security lights in the same manner as was proposed for existing street lights. Therefore, the Cooperative proposed to modify the language in its initial proposed LED Security light rate schedule as follows:

Optional - For installations requiring any extra equipment (excluding poles) ~~or in the event the consumer requests the change out of an existing light,~~ a contribution to construction will be required to cover the extra costs incurred. In the event the member requests the change out of an existing light, the member will be required to pay all construction fees and material costs for the new installation or upgrade as well as payment for the undepreciated cost of the existing light, less any salvage value.

The Department concludes that DEA's proposed language change adequately explains the calculation of the CIAC, and thus the Department concludes that this modification to the proposed LED Security light rate schedule tariff language is reasonable.

Second, DEA noted that it was in the process of developing a Conservation Improvement Program (CIP) project that would cover the customer CIAC for converting existing security lights to LED lights. The Department expects that, depending upon the design of that project, to the extent tariff language may need to be amended due to a future CIP project, the Cooperative will file a proposal to amend the tariff.

Third, DEA explained that its proposed LED Street Lighting (DEA-Owned – Contribution by Member) tariff includes language that expressly states that the CIAC would be reduced by any salvage value of the replaced lights. Since the Cooperative depreciates its existing street lighting facilities over a 22-year timeframe this CIAC calculation method is more beneficial to the Cooperative's members than the Department's proposed reduction of the CIAC by any salvage value for replaced lights that are fewer than 10 years old. Thus, the Department recommends the approval of DEA's originally proposed LED Street Lighting (DEA-Owned – Contribution by Member) tariff language.

Finally, the Cooperative clarified that its members participating in the Member-Owned LED Street Lighting tariff would be allowed to contract for maintenance for the proposed member-owned LED street lighting with outside vendors or with DEA, not just with the Cooperative. The Department concludes that this policy is reasonable.

Therefore the Department recommends that the Commission **approve DEA's petition as modified** to include the updated LED Security Lighting Service tariff language as proposed in DEA's September 3, 2015 reply comments. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ MICHAEL N. ZAJICEK  
Rates Analyst

MNZ/ja

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Response Comments**

**Docket No. E015/M-15-694**

**Dated this 17<sup>th</sup> day of September 2015**

**/s/Sharon Ferguson**

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