

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: March 31, 2016 Agenda Item #2

Company: Dakota Electric Association

Docket No. E-111/M-16-42
In the Matter of Dakota Electric Association’s 2016 Annual Resource and Tax Adjustment (RTA) filing

Issue: Should the Commission approve Dakota Electric Association’s proposed 2016 RTA rates?

Staff: Dorothy Morrissey651-201-2232

Relevant Documents

Dakota Electric – Initial Filing January 13, 2016
Department – Comments February 8, 2016

The attached materials are workpapers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless otherwise noted.

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Statement of the Issue

Should the Commission approve Dakota Electric Association's proposed 2016 RTA rates?

Introduction

Dakota Electric Association (DEA) obtains its energy supply from its wholesale power supplier Great River Energy. The RTA mechanism is used as an automatic adjustment to recover (or refund) power costs, demand-side management and conservation program costs¹, and property tax costs² to the extent that they differ from what is recovered through base rates. DEA's annual adjustment coincides with the annual adjustment of wholesale power rates and the RTA calculation is based, in part, on a projected level of sales.

Relevant Statutes

Minn. Stat. §§ 216B.16, subd. 7 and 216B.241, subd. 1b and 2b.

Summary

The Department of Commerce's (Department or DOC) comments and analysis are thorough and will not be repeated here.

Staff Discussion

The Department conducted a comprehensive analysis and Staff agrees with the Department's recommendation to approve DEA's proposed 2016 RTA charge/credit amounts. However, staff would like to clarify some narrative within the Department's comments.

The Department's comments suggest that residential power costs are decreasing,³ but staff would like to clarify that the residential power costs are increasing in 2016. The residential RTA charge is actually increasing from \$0.0028 to \$0.0030 per kWh. Although a \$0.0156 per kWh residential RTA referred to by the Department was in effect at the beginning of 2015, DEA updated its 2015 RTA charge/credit amounts later in 2015 as part of its 2014 rate case compliance filing.⁴

¹ Docket No. E-111/M-94-227, *In the Matter of the Petition of Dakota Electric Association for Approval of an Annual Recovery Mechanism for Conservation Related Costs and Expenses and for Variance of Fuel Clause Adjustment Rules*

² Docket No. E-111/M-95-1395, *In the Matter of a Petition by Dakota Electric Association for Approval of a Property Tax Adjustment Rider and a Variance to Minn. Rules Regarding Automatic Adjustments and Billing Content*

³ Department Comments, page 1, second paragraph from bottom of the page.

⁴ See Schedule A1 in DEA's August 31, 2015 compliance filing issued in Docket No. E-111/GR-14-482. DEA's 2014 rate case, in which the base cost of energy charge was increased, overlapped its 2015 Annual RTA filing (Docket No. E-111/M-15-40); and as a result, the 2015 RTA charge/credit was updated to reflect that a larger portion of power costs were being recovered through the new base rate energy charge.

Also, on page 5 of the Department's comments it is stated that "DEA proposed a charge of \$0.0000 per kWh for property taxes..." Staff thinks that the narrative likely omitted a qualifier. For clarification, the property tax component of the RTA, shown in Table 1 (page 2) of the Department's Comments, is accurate and shows that several customer classes do have a \$0.0000 per kWh charge, however, some customer classes will have a small property tax charge/credit adjustment.

Staff confirmed the accuracy of these clarifications with DEA and the Department.

Decision Alternatives

1. Approve Dakota Electric Association's proposed 2016 Annual Resource and Tax Adjustments. [DEA, DOC, Staff]
2. Adopt the clarification to the Department's February 8, 2016 comments described in the briefing papers. [Staff, DEA and DOC do not object]