

Staff Briefing Papers

Meeting Date June 10, 2021 Agenda Item * 1

Company Dakota Electric Association

Docket No. **E111/M-21-46**

In the Matter of the Petition by Dakota Electric Association (Dakota Electric or DEA) for Approval of its 2021 Annual Resource and Tax Adjustment (RTA) and its 2020 Annual Power Cost Report

Issues Should the Commission approve Dakota Electric's 2020 Annual Power Cost Report?
Should the Commission approve Dakota Electric's proposed 2021 RTA rates?

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Relevant Documents

Date

Dakota Electric Association – 2021 Annual RTA Filing (TS)	January 13, 2021
Dakota Electric Association – 2020 Annual Power Costs Report (TS)	January 13, 2021
Department of Commerce – Comments (TS)	February 5, 2021

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

I. Statement of Issues

Should the Commission approve Dakota Electric's 2020 Annual Power Cost Report?

Should the Commission approve Dakota Electric's proposed 2021 RTA rates?

II. Introduction

Dakota Electric Association (Dakota Electric or DEA) purchases all of its energy supply from Great River Energy (GRE), a wholesale power supplier. DEA is essentially a distribution-only utility since it does not own or operate any generation or transmission plants, as such was exempt from many compliance filings required under the Fuel Clause Adjustment (FCA) rules. However, under the FCA rules, DEA still makes two filings, namely the annual automatic adjustment (AAA) of charges reports by September 1 of each year for previous fiscal year (July to June) and the annual resource and tax adjustment (RTA) filing in January of each year for the upcoming calendar year.

The Resource and Tax Adjustment (RTA) mechanism is an automatic rate adjustment used by DEA to recover (or refund) power costs, demand-side management, and conservation program costs, and property tax costs to the extent that they differ from what is recovered through base rates. DEA's annual rate adjustment coincides with the annual adjustment of wholesale power rates from GRE and the RTA calculation is based, in part, on a projected level of sales.

This Petition is the first time Dakota Electric has filed its Annual Automatic Adjustment (AAA) report and RTA together in one docket (Docket No. 21-46). Thus, in this filing Dakota Electric seeks Commission approval of its Fiscal Year (FYE) 2020 AAA and FCA rider adjustments and proposed RTA rates for calendar year 2021.

III. Background

DEA's Annual Automatic Adjustment Report

In the previous year DEA made a filing in Docket E-999-AA-19-402 on August 28, 2019 and in compliance with Minn. Rules 7825.2800 -7825.2840. The Rule requires that all public utilities should file a report by September 1 of each year to reflect changes in their AAA or FCA riders.

On January 14, 2020, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted a Letter in Docket No. E-999/AA-19-402, and stated that there was little to be gained from having Dakota continue to submit annual FCA costs in the September AAA filings and again in the annual RTA filings. The Department noted that the RTA filings are where Dakota's fuel clause rates are set for the year, and thus recommended that the Commission require Dakota to provide its AAA filing information in its annual RTA filings. The Department further explained that it will conduct the necessary reviews of such information in conjunction with its review of Dakota's annual RTA filings and held that this approach would provide a more streamlined and efficient process for reviewing Dakota's annual purchased energy costs (power costs).

The Commission in its June 22, 2020 Order in Docket Nos. E-999/AA-19-402 and E-111/M-20-79, accepted Dakota's fiscal year ending (FYE) 2019 AAA filing and approved DEA's proposed 2020 RTA filing. The Commission also granted DEA a variance to Minnesota Rules 7825.2800 to 7825.2840 to allow Dakota to file its AAA reports and FCA rider in future RTA petitions. This variance requires Dakota to continue to use a fiscal year for its AAA (and FCA rider) reporting periods.

DEA's 2021 Resource and Tax Adjustment (2021 RTA)

On January 13, 2021, Dakota Electric filed its Petition in Docket No. E111/M-21-46, requesting approval of its fiscal year end (FYE) 2020 AAA filing and proposed 2021 RTA factors.

On February 5, 2021, the Department submitted Comments and recommended the Commission accept DEA's FYE20 AAA filing and approve DEA's proposed 2021 RTA report.

Pursuant to the requirements of Dakota Electric's tariff, DEA has filed an RTA petition each year beginning in 1997.¹ The Department has since then reviewed each of these filings and the Commission has approved the RTA as filed.

The Resource and Tax Adjustment has three components, namely a cost of power adjustment, a demand-side management and conservation adjustment and a real and personal property tax adjustment.

The RTA is calculated on a per-kWh basis and is based on a calendar year of January 1 to December 31. Any net credit or charge per kWh of the above noted adjustments would be reflected on customers' bills as a single line item labeled "Resource Tax Adjustment"² As the Department correctly noted, the purpose of RTA is to allow DEA to adjust rates for variations from the predicted costs of each of these adjustments as compared to the rates determined in DEA's most recent rate case.³ By design, the RTA is forward-looking, based on estimated costs for the upcoming year, and designed to ensure that there is no double recovery of costs in the RTA and in the base rates.

¹ 5 See docket numbers E111/M-97-722, 98-644, 99-695, 00-35, 01-72, 02-47, 03-47, 04-101, 05-110, 06-59, 07-44, 08-41, 09-32, 10-36, 11-48, 12-610, 13-37, 14-46, 15-40, 16-42, 17-33, 18-44, 08-41, 09-32, 10-36, 11-48, 12-610, 13-37, 14-46, 15-40, 16-42, 17-33, 18-44, 19-36 and 20-79.

² Dakota Electric Petition, p. 2.

³ Department's Comments, p.8.

Figure 1 adapted from DEA's Schedule A1:⁴ Dakota Electric Proposed 2021 RTA Summary (\$/kWh)

Rate Class (A) ⁵	Power Cost Adjustment (B)	DSM & Conservation Adjustment (C)	Property & Real Estate Tax Adjustment (D)	Total Resource & Tax Adjustment [E = (B+C+D)]
31 Residential	(\$0.0002)	\$0.0004	(\$0.0001)	\$0.0001
32 Residential Demand Control	(0.0002)	0.0004	(0.0001)	0.0001
36 Irrigation - Firm	(0.0002)	0.0004	(0.0002)	0.0000
37 Irrigation - Interruptible	(0.0020)	0.0004	(0.0002)	(0.0018)
41 Small General Service	(0.0002)	0.0004	(0.0001)	0.0001
44 Street Lights	(0.0002)	0.0004	(0.0008)	(0.0006)
46 General Service	(0.0002)	0.0004	(0.0008)	0.0001
49 Geothermal Heat Pump	(0.0011)	0.0004	(0.0001)	(0.0008)
51 Control Energy Storage	0.0008	0.0004	(0.0001)	0.0011
52 Controlled Interruptible	(0.0051)	0.0004	(0.0001)	(0.0048)
53 Time of Day - Residential	(0.0002)	0.0004	(0.0001)	0.0001
54 Time of Day - Gen'l Service	(0.0002)	0.0004	(0.0001)	0.0001
70 Interruptible Option - Full	(0.0020)	0.0004	0.0000	(0.0016)
71 Interruptible Option - Partial	(0.0020)	0.0004	0.0000	(0.0016)

Figure 1 above (as adapted from DEA Schedule A1) summarizes DEA's proposed RTA by rate class for the calendar year January 1 to December 31, 2021.

In this current filing, DEA proposed total net RTA for 2021 of \$0.0001 per kWh for its residential customers, consisting of a power cost adjustment of (\$0.0002) per kWh, a DSM and conservation adjustment of \$0.0004 per kWh and a property and real estate tax adjustment of (\$0.0001) per kWh. The 2021 net RTA increased the base cost of power to \$0.0940 kWh from the 2020 amount of \$0.0939 kWh, this represents an increase of \$0.0001 per kWh.

IV. Relevant Statutes and Rules

Statutes

Minn. Stat. § 216B.241, subd. 1b. states that: A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements

⁴ Dakota Electric Petition, Schedule A1, p. 4.

⁵ The RTA does not apply to service taken under Schedule 45 (Low Wattage Unmetered Service), Schedule 47 (Municipal Civil Defense Sirens), Schedule 81 (Cycled Air Metered), Schedule 82 (Cycled Air Residential), and Schedule 84 (Cycled Air Commercial)

on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis.

216B.241, subd. 2b. A public utility is eligible to petition the Commission for approval to include an automatic adjustment for real and personal property taxes....

216B.16, subd. 6. The Commission may permit a public utility to file for rate schedules providing for annual recovery of costs of energy conservation improvements.

216B.16, subd. 7, ... the Commission may permit a public utility to file rate schedules containing provisions for the automatic adjustment of charges for public utility service in direct relation to changes in... federally regulated wholesale rates for energy delivered through interstate facilities ...[or] costs for fuel used in generation of electricity.

Minnesota Rules

Pursuant to Minnesota Rule 7825.2810, subpart 1, the filing requirements for electric utilities include the following:⁶

- Paragraph A – the base cost of fuel approved by the Commission in the utility’s most recent rate case;
- Paragraph B – billing adjustment amounts charged to customers for each type of energy cost, such as nuclear, coal, or purchased power;
- Paragraph D – total cost of fuel delivered to customers;
- Paragraph E – revenues collected from customers for energy delivered; and
- Paragraph G – amount of refunds credited to customers.

Minnesota Rule 7825.2820 requires the following:

By September 1 of each year, all gas and electric utilities shall submit to the commission an independent auditor’s report evaluating accounting for automatic adjustments for the prior year commencing July 1 and ending June 30 or any other year if requested by the utility and approved by the commission.

Minnesota Rule 7825.2830 requires:

All electric utilities to submit to the commission a five-year projection of fuel costs by energy source by month for the first two years and on an annual basis thereafter.

Minnesota Rule 7825.2840 requires:

⁶ Paragraphs C and F omitted because they deal with natural gas utilities.

All electric utilities to provide notice of the availability of the reports defined in parts 7825.2800 to 7825.2830 to all interveners in the previous two general rate cases.

V. Parties' Comments and Analysis

A. FYE20 Annual Automatic Adjustment Report

Dakota Electric (DEA)

Dakota Electric filed its Annual Automatic Adjustment report for fiscal Year 2020, and the 2021 RTA report in Docket No. E-111/M-21-46. This represents the first time DEA has filed AAA information in the same docket with its RTA report and is requesting the Commission to approve the AAA and FCA rider adjustments for fiscal year 2020 and the proposed 2021 RTA. Further DEA asserts that the information in the AAA filing complies with Minnesota Rules 7825.2800 – 7825.2840, which require all public utilities implementing automatic adjustments in the recovery of fuel purchases to file annual automatic adjustment reports.

The Department

The Department reviewed Dakota Electric's 2020 AAA filing to ascertain compliance with the Minnesota Rules mentioned in section IV of this Briefing Papers, as follows:

The Department reviewed the 2020 AAA filing by analyzing information furnished in Exhibits C-I and C-II as furnished by DEA and by virtue of its analysis concludes DEA complied with Commission filing requirements as stated in Minnesota Rule 7825.2810, subpart 1.

Regarding DEA's compliance with Minnesota Rule 7825.2820, the Department noted that the Commission granted a variance permitting DEA to file its independent auditor's report in January of each year. Dakota provided a copy of its independent auditor's report in Exhibit C of its 2020 AAA information. In view of this, the Department holds that Dakota complied with Minnesota Rule 7825.2820.

Also, regarding compliance with Minnesota Rule 7825.2830 requirements, DEA furnished in Exhibit D of its AAA filing, its five-year projections of fuel costs by energy source by month. The Department reviewed DEA's projected energy costs for 2021 through 2025 and concludes they are not unreasonable and seem consistent with projections furnished in previous AAA filings. Due to this, the Department holds that DEA complied with the rule.

The Department also holds that Exhibit E in the 2020 AAA filing furnished by DEA complied with the requirements of Minnesota Rule 7825.2840, as stated in section IV above.

The Department reviewed further DEA's FYE 2020 Fuel costs and five-year fuel cost projections, as follows:

Review of FYE20 Total Power Costs and five- year cost projections

The Department in its review notes that Dakota's 2020 AAA filing includes \$147,052,226⁷ in total power costs, or \$82.67/MWh⁸ on average, for FYE20. This amount includes generation capacity and transmission costs from Great River Energy (GRE) during the reporting period.⁹ This is approximately three (3.0) percent¹⁰ higher than the \$80.26/MWh¹¹ average cost in FYE19.

Further, DEA recovered \$145,336,688 in fuel costs which resulted in under-recovered fuel costs in FYE20 by \$1,715,538 or 1.17 percent.¹²

Additionally, the Department in its review notes:¹³

Regulated [electric] utilities normally recover through their automatic adjustments only changes from the amounts set in a rate case for costs of fuel and cost of energy obtained through purchased power agreements (PPAs). On the other hand, changes in capacity costs are typically not reflected in fuel adjustment clauses. However, as an electric cooperative providing only distribution service, Dakota requires special consideration because it recovers variations in purchased capacity costs as well as energy costs through the fuel adjustment clause. The inclusion of capacity costs creates the potential for Dakota's monthly over- and under-recoveries to be greater than those experienced by utilities that only include fuel and PPA costs in their fuel clause. Changes in sales can result in a significant gap between the utility's actual purchased capacity costs per kWh and the purchased capacity costs per kWh built into its base rates. To account for potential discrepancies between its actual and recovered costs through its automatic adjustment, Dakota calculates and applies an annual fuel-cost true-up factor based on these discrepancies.

Accordingly, the Department by virtue of its review holds that Dakota's FYE20 power costs seem reasonable.

⁷ Dakota Electric's 2020 AAA filing, Exhibit C-II, Page 1 of 19.

⁸ Id.; $\$147,052,226 / 1,778,862,966 \text{ kWh} \times 1,000 = \$82.67/\text{MWh}$.

⁹ Subject to Commission approval, Minnesota Rule 7825.2600 allows a utility that purchases at least 75 percent of its annual energy requirements to include capacity costs in its energy adjustment. Dakota does not have its own generation. DEA purchased all its FYE20 energy needs from power supplier GRE.

¹⁰ Calculated; $(\$82.67 - \$80.26) / \$80.26 = 3.00\%$.

¹¹ Department's March 9, 2020 Comments in Docket No. E111/M-20-79.

¹² Dakota Electric's 2020 AAA filing, Exhibit C-II, Page 1 of 19.

¹³ Department's Comments, p. 5.

The Department reviewed DEA's projected five-year energy costs (Trade Secret) for 2021 through 2025 and concludes they are reasonable and consistent with projections furnished in previous years AAA filings.¹⁴

Thus, based on the above review and analysis, Department recommends Dakota Electric's FYE20 AAA should be accepted by the Commission.¹⁵

B. Resource and Tax Adjustment Factors

Dakota Electric obtains all the energy supply needed for operation from its wholesale power supplier, Great River Energy (GRE). There are three factors that comprise Dakota Electric's RTA, namely purchased power cost adjustment, conservation cost adjustment and the personal property tax adjustment. The purpose of the RTA is to allow DEA to adjust rates for variations from the predicted costs of each of these adjustments as compared to the rates determined in DEA's most recent rate case. These factors are discussed below in this briefing papers.

1. Power Cost Adjustment

Dakota Electric (DEA)

DEA calculates yearly RTA on a projected calendar year basis (January 1 to December 31), which coincides with annual adjustment of wholesale power rates of GRE, the wholesale supplier to Dakota Electric. The purchased power adjustment credit or charge that is reflected on customers' bills is the difference between the projected cost of power and DEA's approved base cost of power. After six months, DEA compares the projected power costs to actual and analyzes any resulting differences to determine whether any change in the power cost adjustment factor is needed to zero out the accumulated overage or under-recovery since January 1.¹⁶ The accumulated power cost adjustment credit or charge is based on the projected level of sales which may vary from actual credit or charge resulting from actual sales. DEA performs a true-up calculation at the end of the fiscal year to account for the difference, and thus deduct or add the net overage or under-recovery, to the amount of power cost to be recovered in the subsequent year.

The Department

The Department states that even though power cost adjustment is recovered from members on a kWh basis, the adjustment is not the same for all members and rate classes. In fact, the power cost adjustment for most members includes both energy and demand costs, whereas adjustment for members taking interruptible service includes energy costs only. Further, the Department notes base cost of energy changes according to the type of service in question. To buttress this point, the Department included as an example "customers taking service under

¹⁴ Department's Comments, p. 6.

¹⁵ Id.

¹⁶ Dakota Electric's Petition, p. 1.

the Geothermal Heat Pump Rider rate schedule have a different power cost adjustment because the base cost of power used is \$0.0813 per kWh instead of the \$0.0939 per kWh used for other non-interruptible members.”¹⁷

Thus, the Department reviewed Dakota Electric’s true-up calculation and notes that the calculation¹⁸ is correct. Also, the Department opines that it is appropriate for Dakota Electric to recover the difference between its base cost of energy and wholesale power costs through the power cost adjustment.

2. Demand-Side Management and Conservative (DSM) Adjustment

Dakota Electric (DEA)

Dakota Electric’s conservation-cost adjustment is allowed under Minnesota Statutes section 216B.16, subdivision 6b, paragraph (c) and section 216B.241, subdivision 2b.

For DSM adjustment, DEA includes approved DSM and Conservation spending additions from the previous calendar year for recovery from January 1 through December 31 of the next year. DEA calculates the conservation adjustment by dividing the recoverable conservation tracker balance by projected retail sales. Dakota Electric performs a true-up calculation at the end of the fiscal year to account for the difference between projected retail sales and actual sales and the net over-recovery or under recovery is deducted from, or added to the next year’s DSM and conservation balance to be recovered.¹⁹

Also, DEA states that that beginning in 2020 Load Control Receivers (LCRs) related to its Advanced Grid Infrastructure (AGi) project are included in DSM and Conservation cost recovery.²⁰ Thus, AGi LCRs recovery emanates from LCRs in service by January 1, 2020 and forecasted LCR additions for the remainder of 2020. Any net over-recovery or under-recovery will be trued-up in future annual filings as the project advances.²¹

Figures 2 and 3 below depict Dakota Electric’ proposed DSM and Conservation adjustment of \$672,969 for 2021 including a (\$158,063) cumulative true-up over-recovery for 2020. Additionally, the below figure shows Dakota Electric expects at the end of year 2021, an Over-recovery balance of \$60,921.

¹⁷ Department’s Comments, p. 9; see also, Petition, Schedule A1. Dakota provided electronic spreadsheets supporting these calculations in response to an email inquiry. The Department reviewed these spreadsheets and confirm that the calculations are accurate. ¹⁸ Petition, Schedule A2-1.

¹⁸ Dakota Electric’s Petition, Schedule A2-1.

¹⁹ Dakota Electric’s Petition, p.1.

²⁰ Id.

²¹ Id.

Figure 2 adapted from Dakota Electric Schedule A3: DEA Projected DSM & Conservation Recovery Factor for Twelve Months Ending December 31, 2021²²

DSM & Conservation Tracker Expenses in 2019 (including AGi-LCRs of \$506,599) ²³	\$ 2,994,219
Recovery in Base Rates in 2020	2,162,661
Subtotal	831,557
Carrying Cost -2020	(525)
Tracker Additions in 2020	831,032
Cumulative True-Up (Over)/Under - Recovery-12/31/20	(158,063)
Total Recovery to 2021	672,969
Projected Calendar Year 2020 kWh Sales	1,834,724,000
Tracker Account Recovery Factor per kWh	\$0.0004

Figure 3 adapted from Dakota Electric Schedule A3: Projected Recovery Results

Month in 2021	Projected kWh Sales	Projected DSM & Conservation Recovery
January	156,683,000	\$ 62,673
February	138,274,000	55,310
March	139,607,000	55,843
April	128,354,000	51,432
May	140,769,000	56,308
June	170,912,000	68,365
July	198,899,000	79,560
August	181,738,000	72,695
September	151,131,000	60,452
October	134,423,000	53,769
November	138,276,000	55,310
December	155,658,000	62,263
Total kWh Sales	1,834,724,000	\$ 733,890
Total Recovery in 2021		672,969
Net Projected Over/(Under) Recovery 12/31/2021		\$ 60,921

²² Dakota Electric's Petition, Schedule A3, p. 14.

²³ Id., at p. 29.

The Department

The Department notes that Dakota Electric was authorized by the Commission in its May 8, 2018 Order Approving Recovery of Grid Modernization Costs (May 8, 2018 Order)²⁴ to recover capital costs related to new load control receivers through the conservation component of its RTA. Thus, according to this Commission's May 8, 2018 Order, Dakota Electric in this filing included forecasted 2021 capital costs of its Advanced Grid Infrastructure for new load control receivers.²⁵

Further, the Department reviewed the calculation of the DSM and conservation adjustment as offered by Dakota Electric and affirms the calculation as accurate.²⁶ Accordingly, the Department holds that the DSM and conservation adjustment proposed by Dakota Electric is not unreasonable.

3. Property and Real Estate Tax Recovery

Dakota Electric (DEA)

DEA notes in the petition that prior to 2017, it was not permitted to include a property tax adjustment within the Resource and Tax Adjustment, if its energy conservation program spending fell below 1.75% of gross operating revenue.²⁷ However, the enactment of Minnesota Statute 216B.1647²⁸ in 2016 removed this spending requirement on DEA's future application of the property tax adjustment within RTA.²⁹

Thus, Dakota Electric is able to request for Commission approval for adjustment of real and property taxes in annual RTA filing. The property tax adjustment is no longer tied to meeting a threshold for spending on CIP (Conservation Improvement Programs) programs.

DEA calculation of property and real estate tax recovery factor is based on projected sales for the calendar year ending December 31, 2021, and estimated property and real estate payable during calendar year 2021.³⁰ The incremental annual property tax expense is the forecasted annual property tax expense not recovered in base rate, adjusted for any over or under-recovered balance from the previous year. In this filing DEA proposed a (\$181,349)³¹ credit for

²⁴ In the Matter of Dakota Electric Association's Petition to Implement Tracker Recovery for Advanced Grid Infrastructure Investments, Docket No. E-111/M-17-821.

²⁵ Department's Comments, p. 10.

²⁶ Id.

²⁷ Dakota Electric's Petition, p. 2.

²⁸ Minnesota Statute 216B.1647 states that a cooperative electric association that has elected to be subject to rate regulation under section 216B.026 [such as Dakota Electric] is eligible to file with the Commission for approval an adjustment for real and personal property taxes, fees, and permits.

²⁹ Dakota Electric's Petition, p. 2.

³⁰ Dakota Electric's Petition, p. 3, See also Schedule A4-3, p. 17.

³¹ Id., at p. 15.

property and real estate tax adjustment for 2021, including a \$133,632³² Cumulative true-up under-recovery for 2020.

The Department

The Department notes that DEA calculates its property and real estate tax adjustment by allocating the incremental annual property tax expense to each rate class according to the property tax allocation factors from the most recent approved class cost of service study.³³ Further, to arrive at the adjustment for each rate class, Dakota Electric divides the allocated amounts by projected rate class retail energy sales.

The Department reviewed the correctness of DEA's true-up calculations for personal property tax adjustment and based on results of the review, the Department agrees with DEA's true-up calculations.

4. DEA Compliance with Previous Commission Orders

The Department also reviewed Dakota Electric's compliance with the Commission's April 22, 1996 Order Approving Property Tax Adjustment Rider As Modified And Granting Variances (April 22, 1996 Order) which required DEA to provide the following information to enable review of its future RTA filings:³⁴

- The finalized current year's total real and personal property tax bill and its proposed filing to true-up its annual tax adjustment rider.
- Information to verify that the incremental real and property tax recovery is limited to known and actual gross revenues and conservation expenditures.

According to the Department, DEA submitted the required information:

The Department also reviewed DEA's 2021 RTA to ensure that it preserved the existing rate design. In Docket No. E-111/M-95-1395 concerning the RTA, DEA and the Department agreed that the increased tax expense should be allocated to the customer classes based on the class-cost-of-service method in DEA's most recent rate case. DEA's most recent rate case was approved by the Commission in its July 20, 2020 Order in Docket No. E-111/GR-19-478. As part of this filing, DEA submitted a schedule detailing the allocation of taxes to the various classes, along with the net recoverable balance after any over- or under-recovery. A

³² Id.

³³ Department's Comments, p. 10.

³⁴ In the Matter of a Petition by Dakota Electric Association for Approval of a Property Tax Adjustment Rider and a Variance to Minnesota Rules Regarding Automatic Adjustments and Billing Content, Docket No. E111/M-95-1395.

review of the schedule indicates that DEA allocated its taxes among the rate classes in compliance with the Commission's April 22, 1996 Order.³⁵

The Department holds that by virtue of its review as noted above, DEA complied with the Commission's April 22, 1996 Order in Docket E111/M-95-1395.

VI. Staff Comments

This is the first time Dakota Electric filed its AAA and RTA reports in the same docket. This is the result of the Commission's June 22, 2020 Order in Docket E-999/AA-19-402, where Dakota Electric requested a variance to file its AAA reports and FCA rider in future RTA reports. The Commission granted a variance to Minnesota Rules 7825.2800 – 7825.2840 to allow Dakota Electric to file its AAA reports in future RTA petitions.

Staff agrees with the Department's analysis as depicted in figure 1 of this paper. Staff reviewed and recalculated DEA's proposed 2021 total net RTA for residential customers of \$0.0001 per kWh, comprising a power cost adjustment of (\$0.0002) per kWh, a DSM and conservation adjustment of \$0.0004 per kWh and a property and real estate adjustment of (\$0.0001) per kWh. This translates to an increase in RTA residential base cost of power from \$0.0939 per kWh in 2020 to \$0.0940 per kWh in 2021, an increase of \$0.0001 per kWh on Residential customers' monthly bills. In fact, DEA inferred this as well in its February 2021 monthly newsletter "the Circuit" on page 7.

Staff also notes that the Department review and analysis was comprehensive and agrees with the Department's recommendations. The Department recommends the Commission accept DEA's FYE2020 AAA filing and approve DEA's 2021 RTA factors.

VII. Decision Alternatives

1. Approve Dakota Electric's FYE 2020 Annual Automatic Adjustment (AAA) of Charges³⁶ filing. (DEA, Department) or
2. Do not accept Dakota Electric's FYE 2020 AAA filing.
3. Approve Dakota Electric's 2021 Resource and Tax Adjustment (RTA) factors. (DEA, Department) or
4. Do not accept Dakota Electric's 2021 RTA factors.

³⁵ Department's Comments, p. 11

³⁶ DEA's FY 2020 Annual Power Cost report.

