

January 14, 2020

Ryan Barlow  
Acting Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101

RE: Letter from the Minnesota Department of Commerce, Division of Energy Resources (the Department) regarding Dakota Electric Association's 2019 Annual Report Containing Cost Information and Data in Docket No. E999/AA-19-402

Dear Mr. Barlow:

On August 28, 2019, Dakota Electric Association (Dakota) made a filing in the above referenced docket in accordance with Minnesota Rules 7825.2800-7825.2840, which requires that all public utilities make a filing by September 1 of each year to reflect changes in their annual automatic adjustment of charges (AAA) or fuel clause adjustment (FCA) riders.

The Minnesota Department of Commerce (Department) notes that Dakota was the only electric utility to make a filing by September 1, 2019 in Docket No. E999/AA-19-402. Given the January 1, 2020 implementation date of the new FCA reform process established in Docket No. E999/CI-03-802, the Minnesota Public Utilities Commission's (Commission) December 12, 2018 Order permitted Minnesota's other regulated electric utilities, which include Xcel Electric, Minnesota Power, and Otter Tail Power Company, to submit the previous fuel clause adjustment information (FYE19 AAA reports) by March 1, 2020, while extending the covered period to December 31, 2019. Dakota was not included in the FCA reform, and was thus required to make the September 1, 2019 filing.

Since Dakota is an electric distribution-only cooperative, it was exempt from many of the compliance filings required under the old FCA process. For example, since Dakota is neither a transmission nor a generation owner, it was not required to submit any information regarding Midcontinent Independent System Operator (MISO) activities. In addition, Dakota has few choices regarding its fuel and purchased power and associated costs.

The Department notes that Dakota is already required to make a filing in January of each year detailing its purchased energy costs, which Dakota generally refers to as its Annual Resource and Tax Adjustment (RTA) filing. Moreover, Dakota's RTA filings and resulting RTA factors are reviewed by the Department each year and approved by the Commission.

As a result, the Department generally conducted a limited review of Dakota's AAA filings in past proceedings, other than including Dakota's information in the larger report that focused primarily on Minnesota's vertically integrated, investor-owned utilities.

The Department concludes that there is little to be gained from having Dakota continue to submit annual FCA costs in September AAA filings and in the annual RTA filings. Given that the RTA filings are where Dakota's fuel clause rates are set for the year, the Department recommends that the Commission require Dakota to provide its AAA filing information in its annual RTA filings.

The Department will conduct the necessary reviews of such information in conjunction with its review of Dakota's annual RTA filings. The Department notes that this approach would provide a more streamlined and efficient process for reviewing Dakota's annual purchased energy costs.

Since Dakota already provided information in Docket No. E999/AA-19-402, that information can be considered in the RTA docket once Dakota files its 2020 RTA petition.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ MARK JOHNSON  
Public Utilities Analyst Coordinator

MJ/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  
Letter**

**Docket No. E999/AA-19-402**

Dated this **14<sup>th</sup>** day of **January 2020**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_19-402_19-402
Peter	Beithon	pbeithon@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-402_19-402
David	Dahlberg	davedahlberg@nweco.com	Northwestern Wisconsin Electric Company	P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009	Electronic Service	No	OFF_SL_19-402_19-402
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-402_19-402
Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP	Suite 1750 220 South Sixth Street Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_19-402_19-402
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street  Farmington, MN 550249583	Electronic Service	No	OFF_SL_19-402_19-402
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-402_19-402
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_19-402_19-402
Amy	Liberkowski	amy.a.liberkowski@xcelenergy.com	Xcel Energy	414 Nicollet Mall 7th Floor Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-402_19-402
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street  Duluth, MN 55802	Electronic Service	No	OFF_SL_19-402_19-402

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-402_19-402
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-402_19-402
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-402_19-402
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-402_19-402
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE Cedar Rapids, IA 52401	Electronic Service	No	OFF_SL_19-402_19-402