

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
DAKOTA ELECTRIC ASSOCIATION
for Authority to Increase Rates for
Electric Service in Minnesota

Docket No. E-111/GR-14-482

PREFILED DIRECT TESTIMONY OF
GREGORY C. MILLER
PRESIDENT & CEO
DAKOTA ELECTRIC ASSOCIATION

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Q. Please state your name and business address.

A. My name is Gregory C. Miller, and my business address is Dakota Electric Association, 4300 220th Street West, Farmington, Minnesota 55024.

Q. What is your position with Dakota Electric Association?

A. I am Dakota Electric Association's President and CEO, a position I assumed in 2001. Prior to that, I was Dakota Electric Association's Executive Vice President of Operations. I have been employed by Dakota Electric Association since 1997. Prior to that, I was employed by The Minnesota Valley Electric Cooperative, an electric cooperative located in Jordan, Minnesota. My position there was Information Systems Manager. My primary responsibility there was direct management of corporate services, computer and technology systems, human resources and corporate communications. I also acted as the assistant general

manager with indirect oversight of all aspects of the utility. I served in that capacity from 1986 until 1997.

Q. What is the legal status of Dakota Electric Association?

A. Dakota Electric Association is a nonprofit Minnesota corporation engaged in the distribution of electric energy in Dakota County and in portions of Scott, Rice, and Goodhue Counties in Minnesota.

Q. Is the Association only a distribution electric utility?

A. Yes. Dakota Electric Association purchases its wholesale power and related transmission services from Great River Energy of Maple Grove, Minnesota.

Q. Have you been authorized and directed to prepare, file, and testify in support of a rate change by the Dakota Electric Association Board of Directors?

A. Yes. The Board of Directors has authorized this general rate filing to be submitted by staff of Dakota Electric Association. Testimony is also being submitted by Douglas R. Larson, Dakota Electric's Vice President of Regulatory Services.

Q. Are Dakota Electric Association's present rates filed with the Public Utilities Commission?

A. Yes, they are. The last general rate filing was submitted in March of 2009.

Q. What are your objectives in filing this rate case with the Commission?

A. Dakota Electric has two objectives in filing this general rate case. The first objective is financial. In 2014, Dakota Electric Association's budget anticipates minimal operating margins of about \$664,000, making an increase in rates necessary and unavoidable. Specifically, the objective is to increase retail rates to achieve an overall gain in revenue of approximately 2.1 percent. In terms of

dollars, the requested revenue increase is about \$4,189,000. The Cooperative's present pro forma Test Year operating revenue is about \$199,564,000.

Q. What is the second objective?

A. The second objective of this general rate filing is to make continuing progress in aligning class rates and revenues with the cost of providing service.

Q. Mr. Miller, referring to the revenue requirements, cost of service and rate design exhibits in the rate filing, were these prepared by Dakota Electric Association?

A. The cost of service study was prepared by Mr. Richard J. Macke of Power System Engineering, Inc. The revenue requirements, rate design exhibits, and all other documents were prepared by Dakota Electric.

Q. What is Dakota Electric Association proposing in the rate schedules that are submitted in this application?

A. Dakota Electric Association is proposing to spread the overall increase in rates to the various classes in a manner that brings the revenue from each class in line with the cost of providing electric service. We are also proposing that the customer, energy, and demand portions of each rate structure, where appropriate, be more closely in line with the actual costs. The proposed rates in this filing have been reviewed and approved by Dakota Electric's Board of Directors for submission to the MPUC.

Q. Does this conclude your testimony?

A. Yes it does.