



February 21, 2020

Will Seuffert, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101-2147

Subject: Dakota Electric Association Reply Comments

***In the Matter of a Filing by Dakota Electric Association
Regarding the Monthly Fixed Charge per Meter for the
Advanced Grid Infrastructure (AGi) Rider***

Docket No. E-111 /M-20-78

Dear Mr. Seuffert:

On January 15, 2020, Dakota Electric Association® (Dakota Electric® or Cooperative) filed a petition with the Minnesota Public Utilities Commission (Commission or MPUC) regarding the Monthly Fixed Charge per Meter for the Advanced Grid Infrastructure (AGi) Rider. The AGi Rider, approved by the Commission on May 8, 2018 in Docket No. E-111/M-17-821, allows the Cooperative to recover certain net distribution grid modernization and load management investments that occur between Cooperative general rate cases. This January 15 filing establishes the 2020 AGi Rider Monthly Fixed Charge per Meter for various rate classes.

On February 7, 2020, the Minnesota Department of Commerce (Department or DOC) filed comments recommending that the Commission approve the AGi Rider monthly fixed charges per meter as submitted by Dakota Electric. The Department also recommended:

“To facilitate review of the upcoming Cooperative’s true-up adjustment to the 2020 AGi Tracker Account, the Department requests Dakota Electric to provide in reply comments a breakdown of the forecasted data (capitalized costs, incremental depreciation and operational savings) using a format similar to the “Details for Recovery of AMI costs” (Dakota Electric’s February 5, 2018 reply comments at page 15 of 20 in E111/M-17-821).”

Dakota Electric Reply Comments

Dakota Electric submits these Reply Comments in response to the Department’s February 7 recommendation and request for a breakdown of forecasted cost data.

Dakota Electric concurs with the Department recommendation to approve the AGi Rider monthly fixed charges per meter as submitted by Dakota Electric. This inaugural AGi Rider filing follows the principles for cost recovery and calculation methodologies as approved by the Commission in Docket No. E-111/M-17-821, with the two refinements noted by the Department.

Regarding a breakdown of forecasted cost data, the Department references a format provided by the Cooperative in Reply Comments in Docket No. E-111/M-17-821. Dakota Electric notes that this format was based on a high-level cost analysis included in the business case we conducted to evaluate the AGi project. Since the beginning of the AGi implementation, we have been recording AGi expenditures in our accounting system using specific AGi project codes. These project codes are also used by management to track and report the project to the Board of Directors. Attached is 2020 AGi project cost detail (Schedule G-3) that is categorized into capital costs, depreciation expense, and operational savings using our general ledger account structure. Our intention would be to utilize the specific AGi project code and general ledger account structure combination to calculate any true-up adjustment to the 2020 tracker account.

Conclusion

Dakota Electric appreciates the Department’s review and comments in this filing. We request that the Commission approve the AGi Rider monthly fixed charges per meter as submitted by Dakota Electric and recommended by the Department.

If you or your staff have any questions about these Reply Comments, please contact me at 651-463-6258 or at dlarson@dakotaelectric.com.

Sincerely,

/s/ Douglas R. Larson

Douglas R. Larson
Vice President of Regulatory Services
Dakota Electric Association
4300 220th Street West
Farmington, MN 55024

AGi Project Cost Detail
2020 Forecast

| Description | Capital Costs | Depreciation Expense | Notes |
|---|----------------------|-----------------------------|--|
| Meters | \$ 8,407,858 | \$ 218,876 | <i>Includes all meter costs</i> |
| Radio Frequency Network Infrastructure | 957,500 | 89,245 | <i>Access points, repeaters, and related network equipment</i> |
| IT Network Security | 29,684 | 5,937 | <i>Security software and hardware</i> |
| Testing Facility | 399,326 | 26,899 | |
| Software | 315,563 | 52,038 | <i>Software to operate the AGi system</i> |
| System Integration | 765,855 | 55,342 | <i>Software integration between AGi system and other DEA systems</i> |
| Administration | 937,996 | 56,629 | <i>Project management and consulting expenses</i> |
| Warehouse Forklift | 54,441 | 2,603 | <i>Material handling for remote warehouse location</i> |
| Total | \$ 11,868,223 | \$ 507,569 | |
| | | | |
| Operational Savings | | | |
| Meter Reading Savings | \$ (319,500) | | |
| Incremental Contract Meter Reading and DEA Overtime | 93,597 | | |
| Net Benefit | \$ (225,903) | | |