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December 20, 2013

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: Comments of Missouri River Energy Services on Renewable Energy Rate Impact Reporting
Docket No. E-999/CI-11-852

Dear Dr. Haar:

Enclosed for electronic filing are the Comments of Missouri River Energy Services on Renewable Energy Rate Impact Reporting.

If you have any questions, please contact me at 800.678.4042.

Sincerely,

A handwritten signature in blue ink, appearing to read "Derek Bertsch", is written over a light blue horizontal line.

Derek Bertsch, Staff Attorney
Legal

enclosures

c: Official Service List with enclosure

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
J. Dennis O'Brien
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Utility Renewable Energy
Cost Impact Reports Required by
Minnesota Statutes Section 216B.1691,
Subd. 2e.

Docket No. E-999/CI-11-852
Date: December 20, 2013

**COMMENTS OF MISSOURI RIVER
ENERGY SERVICES ON RENEWABLE
ENERGY RATE IMPACT REPORTING**

Missouri River Energy Services (MRES) offers the following comments in response to the Notice of Comment Period on Cost Impact Reports dated November 6, 2013, issued by the Minnesota Public Utilities Commission (MPUC). The comments address Staff's proposed general guiding principles for electric utilities' renewable energy cost impact reports necessary to comply with Minn. Stat. § 216B.1691 Subd. 2e., and Staff's proposed uniform reporting system as introduced and illustrated in Attachments 1 and 2 to the Commissions November 6, 2013 Notice.

MRES is a not-for-profit, joint action agency serving 61 member municipal utility communities in four states, including 24 communities in western Minnesota. As a member-based entity, MRES is governed by a board of directors, elected from and by the member municipal utilities it serves. As the governing body, the MRES Board of Directors is responsible for setting the wholesale rates for the energy and energy services it provides to its members.

Comments

MRES supports Staff's proposed guiding principles for electric utilities' renewable energy cost impact reports. MRES recognizes that transparency, consistency and administrative efficiency can be furthered by the use of publicly available information already provided in existing reports, documents or models. Further, the use of similar methodologies in estimating the rate impact of standard compliance with the State's renewable energy laws should provide more consistent reports that are comparable across utilities.

MRES generally supports Staff's proposed format for a uniform reporting system, as illustrated in Attachment 2 to the abovementioned Notice. It would be helpful if the definitions of terms contained in Table 1 of Attachment 2, along with units for all items, were provided to

aid in determining cost impacts. The following comments and responses to the questions soliciting comment are listed based on the relevant row from Table 1.

Table 1- Row A

According to row A, Staff proposes a start date of 2005 out through 15 years from each utility's next filed IRP. MRES interprets this language to indicate that if the next MRES IRP is filed in 2016 the start date would extend through 2031 (2016 + 15 years = 2031). The proposed format is reasonable because it does not extend the forecast of cost impacts to comply with the statute beyond the time period typically forecasted in integrated resource plans (IRPs).

Table 1- Row B

REO expenditures should be included in the renewable energy rate impact analysis. Some utilities may still have additional REO costs apart from those already incurred.

Table 1- Rows B, C, D

It is not clear whether the costs to be identified in rows B–D are nominal or real.

Table 1- Rows B, C, D, E

It likely would not be helpful to differentiate renewable energy expenditures into additional separate rows as opposed to rows B – E that identify expenditures for the REO, RES and SES. Using other ways to differentiate renewable energy expenditures could add additional complexity to cost calculations.

MRES is uncertain how capital costs are to be factored in if a project is built instead of leased. Are these capital costs to be reported all in one year or as payments over time? MRES will likely use company financial statements to report renewable energy expenditures.

Table 1- Row F

The questions listed in Attachment 2 of the Notice regarding the use of rate cases from which to report and calculate non-renewable generation revenue requirement do not apply to MRES as a non-rate-regulated entity. For MRES, the IRP is the best available source from which to report and calculate revenue requirements.

Table 1- Row G


Any of the methods identified by Staff in Attachment 2 would be reasonable to use for comparison purposes. MRES recommends either the avoided cost or market price method be used.

Conclusion

MRES appreciates the opportunity to provide these comments on Staff's proposed general guiding principles and uniform reporting system for electric utilities' renewable energy cost impact reports. We look forward to addressing alternative proposals, if any, that other parties wish to propose as an alternative uniform reporting system.

Respectfully submitted,

MISSOURI RIVER ENERGY SERVICES

By:  _____

Derek Bertsch
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**COMMENTS OF MISSOURI RIVER
ENERGY SERVICES ON RENEWABLE
ENERGY RATE IMPACT REPORTING**

AFFIDAVIT OF SERVICE

STATE OF SOUTH DAKOTA)
) SS.
COUNTY OF LINCOLN)

I, Tasha Altmann, being first duly sworn, depose and state that on the 20 day of December, 2013, I served a true and correct copy of the **COMMENTS OF MISSOURI RIVER ENERGY SERVICES ON RENEWABLE ENERGY RATE IMPACT REPORTING**, by electronic filing, to the Minnesota Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul, MN, 55101-2147, and where not served by email, I have served a true and correct copy thereof by depositing the same in the US Mail at Sioux Falls, South Dakota.


Tasha Altmann

Subscribed and sworn to before me

this 20 day of December, 2013



Geraldyn Shumaker

My commission expires: **Geraldyn Shumaker
Notary Public, South Dakota
My Commission Expires Nov. 16, 2016**

