STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

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In the Matter of Minnesota Power's Proposal for a Commercial and Multiunit Residential Electric-Vehicle Infrastructure Pilot Program	DOCKET NO. E-015/M-23-258 **COMMENTS OF THE OFFICE OF THE ATTORNEY GENERAL—RESIDENTIAL UTILITIES DIVISION**

INTRODUCTION

The Office of the Attorney General—Residential Utilities Division (OAG) submits the following Comments in response to Minnesota Power's proposal for a pilot program supporting electric vehicle (EV) infrastructure for commercial and multiunit residential applications. The OAG appreciates the thought that Minnesota Power has put into designing the pilot—in particular, proposed incentive caps to limit non-participant costs. The OAG recommends that the Commission require Minnesota Power to make several modifications to the proposal to help ensure that the pilot is consistent with statutory requirements and that it maximizes ratepayer benefits at the lowest reasonable cost.

BACKGROUND

I. PROCEDURAL HISTORY

In May 2022, the Commission accepted Minnesota Power's 2021 transportation electrification plan. The Commission required Minnesota Power to "provide a timeline for

development of a pilot program facilitating access to charging facilities for residents of multi-dwelling unit[]" buildings.[1]

In July 2022, Minnesota Power committed to submitting a proposal for a multi-dwelling-unit (MDU) pilot program by the fourth quarter of 2024.

In December 2024, Minnesota Power filed the pilot proposal as a supplement to its 2023 transportation electrification plan.

II. THE PILOT PROPOSAL

Minnesota Power's proposed pilot would provide financial incentives to defray the upfront cost of infrastructure to serve EV charging at multiunit residential buildings, public-charging stations, and workplaces (for both employees' personal vehicles and commercial EV fleets). The incentives would take two forms: "utility-side" and "customer-side." Utility-side incentives would offset the cost of necessary upgrades to Minnesota Power's distribution system—which would normally be charged to the customer causing the need for the upgrade. Customer-side incentives would defray the cost of customer-owned equipment such as panel upgrades, wiring, and, in the case of residential projects, the chargers themselves.

A. Incentive Caps

Minnesota Power proposes limits on the maximum customer- and utility-side incentives that can be provided to a single project. These limits, or "incentive caps," vary by project type. The maximum customer- and utility-side incentive by project type is shown in Table 1 below.

[1] *In re Comm'n Inquiry into Elec. Vehicle Charging and Infrastructure*, Docket No. E-999/CI-17-879, Order Accepting 2021 Transportation Electrification Plans and Adopting Additional Informational Requirements at 10 (May 17, 2022).

Table 1 –
Summary of Maximum Contribution Per Project

Customer Segment	Maximum Utility-side Contribution (per project)	Maximum Customer-side Contribution (per project)[1]
MDU Building	**Single Phase (Level 2):** Up to **$10,000**	**75%** of project costs (Up to $45,000) **Income-qualified[2]:** **100%** of project costs (Up to $60,000)
Public[3]	**Single Phase (Level 2):** Up to **$10,000** **Three Phase (DCFC):** Up to **$50,000**	**25%** of project costs (Up to $7,500) **Located in Disadvantaged Community, Environmental Justice Area, or Tribal Lands[4]:** **50%** of project costs (Up to $15,000)
Workplace	**Single Phase (Level 2):** Up to **$10,000**	**25%** of project costs (Up to $7,500)
Fleet	**Three Phase (DCFC):** Up to **$50,000**	**N/A**

[1]The maximum customer-side contribution includes all infrastructure on the customer side of the meter. In MDU buildings, this includes the cost of two Level 2 chargers. In public and workplace settings, this includes up to but not including the EV charger.

[2] Minnesota Power proposes to align the definition of "income-qualified multifamily building" for this Pilot Program with the definition used in the Energy Conservation and Optimization (ECO) program. Under this definition, buildings with five or more units must have at least 66 percent of the units occupied by low-income households. If a building meets this threshold of occupancy by low-income households, 100 percent of the building can be considered low-income.

[3] Customers installing public chargers will be eligible for a utility-side contribution for both Level 2 and DCFC chargers, subject to different caps as described above. However, customers installing a public DCFC will not be eligible for a rebate towards costs on the customer side of the meter. Customer-side contributions are limited to the installation of Level 2 chargers for this Pilot Program.

[4] For purposes of this program, disadvantaged communities will include those determined using the Climate and Economic Justice Screening Tool published by the Council on Environmental Quality, environmental justice areas, as determined by the Minnesota Pollution Control Agency or as defined under Minn. Statute 216B.1691 Subdivision 1(e), and federally identified Tribal lands located within Minnesota Power service territory.

As shown in the table, the maximum utility-side incentive per project would be $10,000 for single-phase service to support medium-speed (i.e., "Level 2") charging and $50,000 for three-phase service to support high-speed charging (i.e., direct-current fast charging, or "DCFC"). These incentives would act as an offset to the monetary contribution that the site host would otherwise

have to pay Minnesota Power for extending or upgrading the utility's distribution facilities to serve new EV equipment.[2]

As shown in Table 1, the largest customer-side incentives are available for MDU projects, with an incentive cap of $60,000 for buildings that are least 66 percent occupied by low-income households and $45,000 for projects that do not meet this standard. With regard to public charging, a larger customer-side incentive is available for projects located in disadvantaged communities, in environmental-justice areas, or on tribal lands. In addition to dollar caps, Minnesota Power also proposes to cap customer-side incentives at a percentage of the total project cost, except for income-qualified MDU projects, which would be eligible to have up to 100 percent of the customer-side costs covered by utility-provided incentives. Minnesota Power proposes several other restrictions as noted in the footnotes to Table 1.

B. Project Selection

Minnesota Power proposes an evaluation framework for selecting the projects that will receive funding under the pilot. The framework consists of three groups of criteria with different weightings: (1) "Site and Utilization" are weighted at 50 percent; (2) "Financial and Timeline" are weighted at 30 percent; and (3) "Infrastructure" is weighted at 20 percent.[3] The Minnesota Power's full proposed evaluation framework is shown in Table 2 below:

[2] *See* Pilot Proposal at 9–10 of PDF (discussing proposal to waive contributions in aid of construction, or "CIAC"); *see also* Minnesota Power Electric Rate Book, vol. I, sheets 3.9–3.10 (setting forth CIAC requirements).
[3] *See* Pilot Proposal tbl. 2.

Table 2 –
Evaluation Framework

Weight	Criteria
50%	**Site and Utilization**
	• Current or planned use of renewable energy • Chargers are publicly available • Income-qualified facility or located within recognized disadvantaged community • Proximity to MDU buildings (for publicly available, non-MDU proposals) • Make up of renters vs. owners (for MDU proposals specifically) • Estimated number of EV drivers expected to utilize chargers
30%	**Financial and Timeline**
	• Minnesota Power account in good standing • Project timeline feasibility • Estimated project costs • Required distribution system upgrades • Previous participation in make-ready program
20%	**Infrastructure**

	• Total planned charger capacity
	• Total number of Level 2 or DCFC (where applicable) plugs
	• Estimated increase in number of Level 2 or DCFC (where applicable) plugs within three years
	• Chargers are OCPP compliant
	• MDU Projects:
	  ○ Percent of spaces directly served by customer-side infrastructure
	  ○ Percent of spaces with access to Level 2 chargers, NEMA outlets or junction boxes

Minnesota Power states that it will use the framework to rank "like applications" received in the same program year.[4] By "like applications," Minnesota Power appears to mean that MDU projects will be compared to other MDU projects, public-charging projects to other public-charging projects, and so son.

Minnesota Power proposes to assign each criterion a point value of one to five.[5] For the "estimated project costs" criterion, for example, the utility would compare all MDU projects and

[4] MP Response to OAG IR 9 at 2, attached.
[5] *See id.*

assign the project with the lowest cost a point value of five.[6] Projects with higher costs would receive fewer points for this criterion.

C. Pilot Budget

Minnesota Power proposes a total budget of $2,095,000 over three years, most of which would be used to cover utility- and customer-side incentives. The pilot budgets by year and expense category are shown in Table 3 below:

Table 3 –
Pilot Program Annual Maximum Budgets[7]

	2026	2027	2028
Make-ready (utility side)*	$330,000	$350,000	$360,000
Make-ready (customer side)*	$277,500	$330,000	$390,000
Education & Outreach	$15,000	$15,000	$15,000
MDU Smart Level 2 Rebate	$2,500	$5,000	$5,000
Total	$625,000	$700,000	$770,000

D. Pilot Objectives

According to Minnesota Power, the main objectives of the pilot are "to determine what level of funding is needed to incentivize EV charging infrastructure for different customer segments, better understand the costs associated with this infrastructure, and determine the drivers and barriers to participation for future program offerings."[8]

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[6] *See id.* (stating that "[a]pplications with lower project costs will receive the highest ranking").
[7] Pilot Proposal tbl.3. "Make ready" is an industry term for utility programs that support the development of EV infrastructure. *See* ScottMadden, Four Steps to Building a Successful Electric Vehicle Make-Ready Program, https://www.scottmadden.com/insight/four-steps-to-building-a-successful-electric-vehicle-make-ready-program/ (last visited Feb. 28, 2025).
[8] MP Response to OAG IR 12 at 2, attached.

LEGAL STANDARD

Minnesota Power filed the pilot proposal as a supplement to its 2023 transportation-electrification plan (TEP). Under the TEP Statute, utilities must periodically file plans that, among other things, "maximize the overall benefits of electric vehicles and other electrified transportation while minimizing overall costs" and "promote the . . . deployment of electric vehicle infrastructure in the public utility's service territory."[9]

The Commission may approve, modify, or reject a TEP based on whether the plan will, among other things, (1) improve the operation of the electric grid, (2) increase access to electricity as a transportation fuel, (3) stimulate nonutility investment, (4) educate the public about the benefits of EVs, (5) incorporate reasonable public reporting of program activities, and (6) reasonably balance the benefits of ratepayer-funded investments and impacts on utility rates.

ANALYSIS

Minnesota Power's proposed pilot will allow the utility to gain valuable information about the needs of commercial and multi-unit residential EV customers in its service territory. The pilot's design, however, should be adjusted in several ways to maximize the pilot's benefits and minimize its costs to ratepayers. For the reasons explained below, the Commission should take the following actions: First, the Commission should require Minnesota Power to maximize the use of time-varying rates and smart charging under the pilot. Second, the Commission should require Minnesota Power to adjust maximum incentive levels in response to pilot demand. Third, the Commission should require Minnesota Power to prioritize funding projects that leverage the most nonutility funding. Finally, the Commission should deny Minnesota Power's request for rider recovery of pilot operating costs because no statute authorizes rider recovery of these costs.

[9] Minn. Stat. § 216B.1615, subd. 2(a).

I. THE COMMISSION SHOULD REQUIRE THAT TIME-OF-USE RATES BE THE DEFAULT OPTION FOR PILOT PARTICIPANTS AND THAT CHARGERS INSTALLED IN MDU PROJECTS BE CAPABLE OF ACTIVE LOAD MANAGEMENT.

Time-based pricing and smart chargers are both important tools for harnessing the benefits of electric vehicles while minimizing the costs. Minnesota Power's pilot proposal could do more to leverage these tools to ensure that ratepayers receive the greatest possible benefit in exchange for funding EV incentives to private parties. For the reasons explained below, the OAG recommends that the Commission require that site hosts to pass through time-based rates to end users by default (consistent with Xcel's commercial EV pilots), require hosts of MDU projects to take service under Minnesota Power's residential time-of-day rate, and require that all MDU chargers installed under the pilot be smart chargers controllable by Minnesota Power.

The Commission has found time-of-use (TOU) rate design to be an important component of utility EV proposals.[10] Under TOU rates (also called time-of-day rates), a utility customer is charged a higher price for energy consumed during times of greater system demand, generally in the late afternoon or early evening, and a lower price at other times, such as overnight.[11] The higher price charged during the "on peak" period incentivizes EV customers to shift charging to times when overall demand is lower, encouraging efficient use of the utility's system.

Minnesota Power's proposed pilot would require site hosts to "establish a dedicated EV service . . . and be billed on one of Minnesota Power's EV rates."[12] Minnesota Power currently offers two commercial EV rates, a public-charging rate and a fleet-charging rate, both of which

[10] *In re Comm'n Inquiry into Elec. Vehicle Charging and Infrastructure*, Docket No. E-999/CI-17-879, Order Making Findings and Requiring Filings at 5 (Feb. 1, 2019).
[11] *See* Ahmad Faruqui, Ryan Hledik & Jennifer Palmer, Time-Varying and Dynamic Rate Design 13–14 (RAP July 2012), https://www.raponline.org/wp-content/uploads/2023/09/rap-faruquihledikpalmer-timevaryingdynamicratedesign-2012-jul-23.pdf.
[12] Pilot Proposal at 14 of PDF.

are two-period TOU rates.[13] While the pilot proposal specifies that site hosts will be billed under one of these rates, it does not specify the rates that will be charged to end users of charging equipment installed under the pilot.

Minnesota Power's system would benefit from both site hosts and end users receiving a price signal to encourage off-peak charging. Therefore, and consistent with Xcel Energy's commercial EV pilots,[14] Minnesota Power should require site hosts, by default, to charge end users the same rate that they are charged by Minnesota Power, while allowing them to opt out. Also consistent with Xcel's pilot programs, if a site host opts not to pass through its rate to end users, it should be required to report its pricing structure to Minnesota Power so that the utility can report that information to the Commission.[15]

The Commission should also require that site hosts of MDU projects be billed under Minnesota Power's Rider for Residential Time-of-Day Service[16] and pass that rate through to end users by default. Since MDU buildings are residential buildings, it makes sense for the rate to match Minnesota Power's residential-specific time-of-day rate. Since Minnesota Power's time-of-day rate operates as a rider to the standard residential rate, site hosts should be billed both the standard residential rate and the time-of-day rider rate for all usage.

Billing MDU site hosts under the residential time-of-day rate would be consistent with Xcel's MDU pilot, where the Commission required Xcel to apply its residential TOU pilot rate in

[13] *See* Minnesota Power Electric Rate Book, vol. I, sheets 11.0–12.2.
[14] *See* Docket Nos. E-002/M-18-643 (fleet and public charging pilots), -20-711 (MDU pilot).
[15] *See In re Xcel Energy's Petition for Approval of Elec. Vehicle Pilot Programs*, Docket No. E-002/M-18-643, Order Approving Pilots with Modifications, Authorizing Deferred Accounting, and Setting Reporting Requirements at 15 (July 17, 2019); *In re Xcel Energy's Petition for Approval of a Multi-Dwelling Unit Elec. Vehicle Pilot Program*, Docket No. E-002/M-20-711, Order Approving Pilot Program with Modifications at 4–5 (July 2, 2021).
[16] *See* Minnesota Power Electric Rate Book, vol. I, sheets 109.0–.1.

billing MDU site hosts.[17] Minnesota Power's residential time-of-day rate is similar to Xcel's pilot TOU rate in that both have three usage periods.[18] Alternatively, Minnesota Power's Residential Electric Vehicle Service rate[19] could be used as the billing rate for MDU site hosts, since it is specifically designed for the purpose of recharging residential customers' electric vehicles. The drawback of this rate, however, is that it only has two usage periods—on-peak and off-peak—which is less reflective of system costs than three-periods.

Finally, the Commission should require that all chargers installed in MDU projects are able to be actively managed by Minnesota Power. Active managed charging, also called "smart" charging, involves a utility or aggregator sending dispatch signals to a vehicle or charger to control charging.[20] Active management holds greater potential benefits than "passive" measures like TOU rates because it involves direct control of charging equipment (with customer permission). The Commission has recognized the benefits of smart charging, finding that it can help a utility defer the need for system upgrades even as EV penetration increases.[21]

Under the pilot, Minnesota Power proposes to offer a $500 rebate to MDU residents with a dedicated EV service who install a smart Level 2 charger.[22] Minnesota Power does not specify, however, whether chargers installed by an MDU site host need to be smart chargers.[23] The OAG

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[17] *See* Docket No. E-002/M-20-711, Order Approving Pilot Program with Modifications at 3.
[18] Minnesota Power's "on-peak" period runs from 3 to 8 p.m., its "super off-peak" period runs from 11 p.m. to 5 a.m., and its "off-peak" period includes all other hours. Xcel's on-peak period runs from 3 to 8 p.m., its off-peak period runs from midnight to 6 a.m., and its "mid-peak" period includes all other hours. Xcel Electric Rate Book, § 5, sheet 4.3.
[19] Minnesota Power Electric Rate Book, vol. I, sheets 8.0–8.2.
[20] Carolyn Dougherty & Garrett Fitzgerald, *EV Managed Charging Incentives and Utility Program Design*, SMART ELEC. POWER ALLIANCE (Dec. 2, 2021), https://sepapower.org/knowledge/ev-managed-charging-incentives-and-utility-program-design/.
[21] Docket No. E-999/CI-17-879, Order Making Findings and Requiring Filings at 5.
[22] Pilot Proposal at 10 of PDF.
[23] *See id.* ("The Company will include the cost of two Level 2 chargers in the rebate calculation for MDU projects.").

recommends that *all* chargers installed in MDU projects, whether by the site host or by residents, be capable of active management. In this way, Minnesota Power can "future proof" the pilot by ensuring that chargers can be enrolled in a future managed-charging program once one is available. The Commission should also require Minnesota Power to discuss, in annual pilot reports, its efforts to develop an active-managed-charging offering for EV customers.

II. THE COMMISSION SHOULD REQUIRE MINNESOTA POWER TO ADJUST THE INCENTIVE CAPS IN RESPONSE TO PILOT DEMAND.

Minnesota Power states that one of the main goals of the pilot is "to determine what level of funding is needed to incentivize EV charging infrastructure for different customer segments."[24] The pilot, however, does not include any features specifically designed to test the minimum level of ratepayer funding needed to support the project types that the pilot will study. Therefore, if Minnesota Power receives more project applications than can be funded using the proposed budget and incentive levels, the utility should reduce incentive caps to test the impact of lower incentive levels on pilot demand. This would both help determine whether lower incentive levels could support EV adoption and ensure that ratepayers are getting the maximum value for their dollars.

To accomplish these goals, Minnesota Power should establish the following rule: If one or more applications for a particular project type (e.g., MDU, public-charging, or fleet) remain unfunded after the first or second year of the pilot, but otherwise meet all minimum pilot requirements, the incentive caps for that project type will be reduced by ten percent the following year. For example, if one or more viable MDU projects do not receive funding in the first year of the pilot, the both the utility- and the customer-side incentive cap for the MDU category would be stepped down by ten percent in year two:

[24] MP Response to OAG IR 12 at 2.

Table 4 –
MDU Incentive Cap Step-Down, Year Two

		Maximum Utility-Side Contribution	Maximum Customer-Side Contribution
	Year One	$10,000	$45,000 or 75% of project
10% reduction	Year Two	$9,000	$40,500 or 75% of project

If the same situation occurred again in year two, the MDU caps would again be stepped down in year three:

Table 5 –
MDU Incentive Cap Step-Down, Year Three

		Maximum Utility-Side Contribution	Maximum Customer-Side Contribution
	Year Two	$9,000	$40,500 or 75% of project
10% reduction	Year Three	$8,100	$36,540 or 75% of project

Those MDU projects that were not selected in either year one or year two could be considered for funding the following year subject to the reduced incentive caps.

The purpose of stepping down the caps is to test what level of funding is necessary to support various project types, which is a stated goal of the pilot. If there continues to be strong demand for incentives even at lower cap levels, this indicates that Minnesota Power may be able to offer even smaller incentives while still fostering growth in commercial and MDU EV installations. Lowering the caps as outlined above will test this hypothesis. Moreover, by lowering incentive caps Minnesota Power can stretch the pilot budget further to fund more projects.

III. THE COMMISSION SHOULD PRIORITIZE FUNDING LOW-COST PROJECTS THAT LEVERAGE THE MOST NONUILITY FUNDING.

Regardless of whether incentive caps are stepped down, the Commission should modify Minnesota Power's proposed evaluation framework to give greater weight to projects that seek the smallest amount of incentives as a percentage of the total project budget.

As proposed, Minnesota Power's evaluation framework includes two criteria related to cost—estimated project costs and required distribution system upgrades. Both are grouped under the "Financial and Timeline" rubric, which is weighted at 30 percent:

30%	Financial and Timeline
	• Minnesota Power account in good standing • Project timeline feasibility • Estimated project costs • Required distribution system upgrades • Previous participation in make-ready program

Minnesota Power states that all criteria will be given a point value between 1 and 5 based on a comparison to other projects of the same type (e.g., MDU, public-charging, fleet).[25] For example, for both the "estimated project costs" and the "required distribution system upgrades" criteria, lower-cost projects would be assigned more points and higher-cost projects fewer.[26]

It is reasonable to prioritize low-cost projects in this way. But there is an additional cost consideration that Minnesota Power's evaluation framework fails to capture: how a project's total cost compares to the amount of utility incentives requested. The OAG recommends that Minnesota Power add a criterion to the "Financial and Timeline" rubric called "Requested incentive as % of project costs" and assign the highest point value to projects requesting the lowest percentage of

[25] *See* MP Response to OAG IR 9 at 2.
[26] *See id.*

incentives. This would prioritize projects that leverage the most nonutility funding with the least ratepayer dollars.

The OAG has two additional related recommendations to maximize pilot benefits for ratepayers.

First, the Commission should consider giving greater weight to the new "Requested incentive as % of project costs" criterion by assigning more than five points to it. For example, if "Requested incentive as % of project costs" were worth a maximum of ten points, that would indicate that this criterion is twice as important as the other criteria in the "Financial and Timeline" category. Another way to give more weight to financial criteria generally would be to weight the "Financial and Timeline" category at more than 30 percent. For example, the Commission could increase the weight of "Financial and Timeline" criteria, as a group, to 40 percent and correspondingly reduce the weight of the "Site and Utilization" criteria from 50 percent to 40 percent.

Finally, the Commission should require Minnesota Power to include a prominent statement on the application form indicating that priority will be given to the projects that leverage the most nonutility funding at the lowest cost to Minnesota Power. The goal of including this statement would be to draw attention to these criteria and thereby encourage applicants to minimize the ratepayer costs of their proposals while maximizing private investment, consistent with the TEP Statute.

IV. THE COMMISSION SHOULD DENY MINNESOTA POWER'S REQUEST FOR RIDER RECOVERY OF PILOT O&M COSTS.

Minnesota Power seeks authorization to recover pilot operating and maintenance (O&M) costs through a rider. Alternatively, Minnesota Power proposes to use deferred accounting to recover any O&M costs that it incurs prior to its next rate case, with interest at its authorized rate

of return. For the reasons explained below, the Commission should reject the utility's request for rider recovery. If the Commission grants deferred accounting, it should deny Minnesota Power's request to earn a return on deferred O&M expenses.

The pilot's budgeted O&M costs include customer-side incentives, education and outreach costs, and Level 2 charger rebates for MDU projects and total $1,042,500 over the three-year pilot term.[27] Minnesota Power acknowledges that no existing rider allows recovery of these costs but argues that the Commission has authority to implement a rider under "general ratemaking authority."[28] It also argues that Minn. Stat. § 216B.1614 "recognizes that it is appropriate to allow utilities the opportunity to recover costs related to educating customers on the benefits of EVs."[29]

The Commission should reject this request because riders require Legislative authorization, which does not exist in this instance. Generally, a public utility may not change its rates without undergoing a rate case in which the Commission comprehensively reviews its costs and revenues. However, the Legislature has created exceptions to this general policy, allowing a utility to implement a rider to expedite recovery of certain costs not reflected in the utility's base rates.[30] Rider recovery is disfavored because it entails single-issue ratemaking—where a utility is allowed to reflect particular cost increases in rates without considering potential offsetting cost *decreases* or increased revenues in other areas of its operations.

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[27] *See* Pilot Proposal at tbl. 3 (budget) and 21 of PDF (cost-recovery proposal).
[28] *Id.* at 21 of PDF.
[29] *Id.*
[30] Rider Filings, Minn. Pub. Utils. Comm'n, https://mn.gov/puc/activities/financial-analysis/rider-filings/ (last visited Mar. 1, 2025); *see* Minn. Stat. §§ 216B.16, subds. 6b(c), 7, 7a, 7b, 7c(b), 7d, 7e(b), 15(d), 19, .1635, subd. 4, .1636, subd. 2, .1638, subd. 2, .1645, subds. 2, 2a, 4, .1675, subd. 4, .1692, .1696, subd. 2(d), .241, subds. 2b(b), 11(c), 12(c), 13(c), .2424, subd. 9(e), .2427, subd. 2(c) (authorizing riders or other rate-adjustment mechanisms); *In re 6131 Colfax Lane, Minneapolis*, 907 N.W.2d 257, 260 (Minn. Ct. App. 2018) ("the inclusion of some items in a statute implies the exclusion of all unstated items").

No statute authorizes recovery of the proposed pilot's O&M costs through a rider. The only authority that Minnesota Power cites is Minn. Stat. § 216B.1614, but this statute is not on point. Section 216B.1614 provides for rider recovery of the costs of offering customers "a tariff that allows a customer to purchase electricity solely for the purpose of recharging an electric vehicle."[31] These costs include "costs to inform and educate customers about the financial, energy conservation, and environmental benefits of electric vehicles and to publicly advertise and promote participation in the customer-optional tariff."[32]

The only pilot O&M costs that may arguably meet section 216B.1614's definition are the pilot's "education and outreach" costs, which make up a minuscule portion of the budget. But even these costs do not seem to fit squarely within section 216B.1614 because the statute also requires rider-recovered costs to be "reasonably necessary to comply with this section."[33] The proposed pilot's education and outreach costs appear to have little, if anything, to do with offering a "customer-optional tariff" under section 216B.1614—a tariff that Minnesota Power established nearly a decade ago.[34]

The Commission previously rejected a similar request by Minnesota Power recover EV pilot costs through a rider.[35] The Commission concluded that instead of permitting rider recovery, it would "treat Minnesota Power's EV program cost recovery in a way that is consistent with other utilities' EV-related programs, which do not have dedicated rider funding."[36] Minnesota Power

[31] Minn. Stat. § 216B.1614, subd. 2(a), (c)(2).
[32] *Id.*, subd. 2(c)(2).
[33] *Id.*
[34] *See In re Minn. Power's Petition for Approval of Residential Off-Peak Elec. Vehicle Serv. Tariff*, Docket No. E-015/M-15-120, Compliance Filing (June 29, 2015).
[35] *See In re Petition for Approval of Minn. Power's Portfolio of Elec. Vehicle Programs*, Docket No. E-015/M-20-638, Order Approving Proposals with Modifications at 6 (Apr. 21, 2021).
[36] *Id.*

acknowledges this precedent and proposes, in the alternative, to use deferred accounting to recover any O&M costs that it incurs prior to its next rate case, charging ratepayers interest on the deferred costs at its authorized rate of return.

Deferred accounting is normally reserved for costs that are unforeseen, unusual, and large enough to have a significant impact on a utility's financial condition.[37] Deferred accounting should be used sparingly for the same reasons as riders: A utility's costs and revenues inevitably vary between rate cases, and singling out one type of cost increase (i.e., for a pilot) for special rate treatment ignores whether the utility may have experienced offsetting cost decreases or revenue increases in other areas of its operations. This concern is the reason for the requirement that deferred expenses be large enough to have a *significant* impact on a utility's financial condition.

The pilot O&M costs in this case do not meet the size requirement for deferred accounting: they would make up less than 0.2 percent of Minnesota Power's total annual O&M budget. The OAG, however, recognizes that the Commission has allowed the use of deferred accounting for other utilities' EV pilot programs,[38] and understands that the Commission may want to treat Minnesota Power consistently with other regulated electric utilities. If the Commission approves deferred accounting for pilot O&M expenses, however, it should decline Minnesota Power's request to earn a profit on the deferred costs at its regulated rate of return.

CONCLUSION AND RECOMMENDATIONS

For the reasons explained above, the Commission should take the following actions:

1. Require Minnesota Power to maximize the use of time-varying rates and smart charging by implementing the following requirements:

[37] Docket No. E-002/M-18-643, Order Approving Pilots with Modifications, Authorizing Deferred Accounting, and Setting Reporting Requirements at 18 (July 17, 2019).
[38] *See* Docket Nos. E-002/M-18-643, -20-711.

a. MDU site hosts will be billed under the Rider for Residential Time-of-Day Service or the Residential Electric Vehicle Service tariff;

b. A site host must charge end users the same rate that it is charged by Minnesota Power unless the host affirmatively opts out;

c. If a site host opts not to pass through its rate to end users, it must report its pricing structure to Minnesota Power for inclusion in annual reports to the Commission;

d. MDU chargers, whether installed by the site host or a resident, must be smart chargers—i.e., controllable by Minnesota Power to address local or regional grid constraints; and

e. Minnesota Power will discuss, in annual pilot reports, its efforts to develop an active-managed-charging offering for EV customers.

2. Require Minnesota Power to adjust incentive caps for the second and third years of the pilot as follows:

a. If one or more applications for a particular project type were unable to be funded under the prior year's budget, reduce the incentive caps for that project type by ten percent for the current year; and

b. Prior-year applications that were not funded due to budget constraints, but otherwise meet all pilot requirements, can be considered for funding under the reduced incentive caps.

3. Require Minnesota Power to prioritize funding low-cost projects that leverage the most nonutility funding, as follows:

a. Add a "Requested incentive as % of project costs" criterion to the "Financial and Timeline" section of the project-evaluation framework and assign the maximum point value to projects requesting the lowest percentage of incentives;

b. The "Requested incentive as % of project costs" criterion will be worth up to ten points;

c. Increase the weighting of "Financial and Timeline" criteria from 30 percent to 40 percent; and

d. State prominently on the application form that priority will be given to the projects that leverage the most nonutility funding at the lowest cost to Minnesota Power.

4. Deny Minnesota Power's request for rider recovery of pilot O&M costs.

5. If the Commission grants deferred accounting for pilot O&M costs, reject Minnesota Power's request to earn a rate of return on the deferred O&M costs.

Dated: March 5, 2025

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

/s/ **Peter G. Scholtz**

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ATTORNEYS FOR MINNESOTA OFFICE OF THE ATTORNEY GENERAL – RESIDENTIAL UTILITIES DIVISION

OAG No. 009

State of Minnesota
Office of the Attorney General
Utility Information Request

In the Matter of Minnesota Power's 2023 Integrated Distribution Plan	**MPUC Docket No.**	E-015/M-23-258

Requested from: Minnesota Power

Requested by: OAG-RUD	**Date of Request:**	February 7, 2025
	Due Date:	February 20, 2025

Reference:

Petition, Table 2 (proposed criteria for selecting projects), which groups application criteria into three categories: "Site and Utilization" (50% weighting), "Financial and Timeline" (30% weighting), and "Infrastructure" (20% weighting)

Request:

A. Explain how criteria will be evaluated within each of the above categories.

   1. Will points be assigned to each criterion? If so, provide the point value available for each criterion.

   2. If points will not be assigned to individual criteria, how will dissimilar criteria be compared or weighed within each category?

   3. If points will not be assigned to individual criteria, how will conflicts between criteria be resolved?

B. Regarding "Make up of renters vs. owners":

   1. Will renters be preferred to owners?

   2. Why or why not?

C. Regarding "Estimated project costs":

   1. Is a lower cost preferable to a higher cost?

Response by: Jonathon Sullivan
Title: Supervisor – Customer Programs & Services
Department: Customer Programs & Services
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2. Why or why not?

3. Does “project costs” include utility-side investments?

D. Regarding “Required distribution system upgrades”:

1. Does this include the cost of the required upgrades?

2. Is a lower cost better than a higher cost?

3. Why or why not?

Response:

A1.
The Company will use a point-based evaluation framework to assess all like applications. A 1 through 5 scoring system shall be utilized to evaluate projects. Applications will be ranked relative to the overall pool of submissions within the same program year. This approach ensures flexibility by allowing evaluation scoring to be updated annually to account for evolving market conditions and support a diverse range of project types.

A2.
The Company will use a point-based evaluation framework.

A3.
The Company will use a point-based evaluation framework.

B1.
Applications pertaining to Multi Dwelling Units (or, “MDUs”) that are fully rented or have higher proportions of rental units relative to owner-occupied units within the MDU will be ranked highest.

B2.
Residents of rental properties do not gain equity benefits from infrastructure improvements compared to owner-occupied properties where such upgrades may enhance resale value. Renters are reliant on property owners to install EV charging infrastructure. The Company believes that the support outlined in the proposed make-ready pilot program will address these challenges by lowering costs for property owners and facilitating broader access to EV charging infrastructure.

C1.
Applications with lower project costs will receive the highest ranking.

C2.
The Company will rank lower cost projects highest with the intent of increasing the number of participants in the proposed pilot.

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C3.
Project costs do include both utility-side and customer-side costs.

D1.
The score will account for the cost of required distribution system upgrades.

D2.
Applications with less required distribution system upgrades will receive the highest ranking.

D3.
The Company will rank applications with less required distribution system upgrades highest with the intent of increasing the number of participants in the proposed pilot and to limit the financial impact on non-participating customers.

Any responsive documents must be provided in their unlocked native format with all formulas and links intact.

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OAG No. 012

State of Minnesota
Office of the Attorney General
Utility Information Request

In the Matter of Minnesota Power's 2023 Integrated Distribution Plan	**MPUC Docket No.**	E-015/M-23-258

Requested from: Minnesota Power

Requested by: OAG-RUD	**Date of Request:**	February 7, 2025
	Due Date:	February 20, 2025

Request:

A. What metrics does Minnesota Power propose to track as part of the pilot?

B. What does Minnesota Power expect to learn from the pilot?

C. What pilot design features will ensure that Minnesota Power is able to derive valuable learnings from the pilot?

Any responsive documents must be provided in their unlocked native format with all formulas and links intact.

Response:

A. Minnesota Power has proposed to file an annual report to the Commission on participation in the Pilot Program. The Company will not own any of the EV chargers installed through this Pilot Program, so information reported will be based on meter data, project costs, and qualitative feedback from participating customers and contractors via surveys. This information will include:
   - Number of applications received, and number of projects selected by customer segment/charging application (Multi Dwelling Unit (or, "MDU"), public, fleet, workplace, hospitality)
   - Site characteristics
     - MDU Projects: makeup of renters vs. owners, building age, parking structure, charger availability details, payment mechanism and responsibilities of building owner vs. tenant

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    - Public and Workplace Projects: site host amenities, payment mechanism
    - Fleet Projects: number and types of vehicles charging, future expansion plans
- Number of chargers installed including ports and port capacity
- Project costs broken down by utility-side and customer-side infrastructure
- Rebate amount provided (if applicable)
- Billed energy and demand to determine charger utilization
- Feedback from participating customers including drivers and barriers to participation, and any unexpected project challenges or costs.

B. The main objectives of this program are to determine what level of funding is needed to incentivize EV charging infrastructure for different customer segments, better understand the costs associated with this infrastructure, and determine the drivers and barriers to participation for future program offerings.

C. Minnesota Power designed the proposed pilot program based on best practices from other utility programs and input from interested stakeholders. A large barrier to make ready programs, particularly in multifamily buildings, is the large degree of variation from project to project. Minnesota Power's pilot program was intentionally designed to be flexible with budget caps set at a level high enough to cover unforeseen installation costs while maintaining a relatively small program budget. Projects are required to meet minimum participation requirements but will be weighted based on an evaluation framework that accommodates multiple project types.

   The Company also incorporated an outreach component into the program to increase awareness among customers and engage with electricians to provide training and support project coordination. Together, these program features will help Minnesota Power gather information needed to evaluate the program against the objectives outlined above.

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