

June 17, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/M-21-390

Dear Mr. Seuffert:

Attached are the reply comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Minnesota Power's 2021 Integrated Distribution Plan

As allowed by the comment opportunities set forth in the Minnesota Public Utilities Commission's (Commission) November 15, 2021 *Notice of Comment Period In the Matter of Distribution System Planning for Minnesota Power*, the Department provides the attached reply to Minnesota Power's Reply Comments and further clarification and justification of the recommendations forwarded by the Department in our May 16, 2022 Initial Comments.

The Department recommends that the Commission accept Minnesota Power's 2021 Integrated Distribution Plan. The Department is available for any questions the Commission may have.

Sincerely,

/s/ MATTHEW LANDI
Rates Analyst

/s/ CHRISTOPHER WATKINS
Rates Analyst

ML/CW/ja
Attachment



Before the Minnesota Public Utilities Commission

Reply Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E015/M-21-390

I. INTRODUCTION

On October 25, 2021, Minnesota Power (MP, or the Company) filed its 2021 Integrated Distribution Plan (2021 IDP)¹ as required by the Minnesota Public Utilities Commission (Commission) in its November 2, 2020 Order in Docket No. E015/M-19-684 (the 2020 Order).²

On November 15, 2021, the Commission issued a *Notice of Comment Period In the Matter of Distribution System Planning for Minnesota Power* (Notice). The Commission's Notice seeks comments on the issue of whether the Commission should accept or reject Minnesota Power's 2021 Integrated Distribution Plan (IDP).

The Commission's Notice also identifies five topics open for comment, which are as follows:

1. Should the Commission accept or reject Minnesota Power's Integrated Distribution Plan (IDP)?
2. Does the IDP filed by Minnesota Power achieve the planning objectives outlined in the filing requirements as amended by the Commission's November 2, 2020 Order? [footnote omitted]
3. What IDP filing requirements provide the most value to the process, and why?
4. Are there filing requirements that are not information and/or should be deleted or modified, and why?
5. Are there other issues or concerns related to this matter?

On May 16, 2022, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted Initial Comments in this proceeding. On June 6, 2022, MP submitted utility reply comments in response to the Department's Initial Comments.

¹ Minnesota Power 2021 IDP Report (OTP 2021 IDP), Docket No. E015/M-21-390. October 25, 2021. Accessed at (PUBLIC): <https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={90D7B87C-0000-C11A-B189-92C523CE4428}&documentTitle=202110-179112-01>.

² *In the Matter of Minnesota Power's 2019 Integrated Distribution System Plan*, Docket No. E015/M-19-684 (2019 IDP). ORDER ACCEPTING INTEGRATED DISTRIBUTION PLAN AND MODIFYING FILING REQUIREMENTS. November 2, 2020.

Accessed at:

<https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={40E08A75-0000-CD3E-9513-C4079E3DDBA8}&documentTitle=202011-167944-02>.

II. DEPARTMENT ANALYSIS

A. *RESPONSE TO MINNESOTA POWER REGARDING THE GUIDANCE DOCUMENT AND IDPS*

The Department reviewed Minnesota Power's Reply Comments and appreciates the feedback provided and the concerns raised by the Company.

The Department reiterates our willingness to meet with utilities and stakeholders regarding the Guidance Document, the Department's approach to evaluating utility grid modernization investments, and what the Department expects from both IDPs and utility grid modernization investment proposals moving forward.

The Department notes that initial conversations with Dakota Electric Association and Otter Tail Power have taken or will take place to address concerns and provide a better overview of the Department's goals and intentions with the Guidance Document, especially how it relates to the IDP. The Department is also happy to engage Minnesota Power to discuss the Company's concerns and find a reasonable path forward and plans to reach out directly to do so. While still in the preliminary planning stages, the Department and Synapse are planning to meet with stakeholders that have been involved in previous Commission proceedings involving grid modernization and utility integrated distribution planning, and invites feedback and direct outreach from stakeholders interested in these issues.

The Department notes that Otter Tail Power Company recently agreed to adhere to the Guidance Document for future grid modernization investments proposed in its EUIC Rider. Specifically, Otter Tail Power agreed to:³

- (1) provide information in future EUIC Rider petitions consistent with Section 3 (Initial Filing Requirements) of the Guidance Document;
- (2) conduct a benefit-cost analysis (BCA) consistent with the Guidance Document at a project's inception and provide required information in the initial filing, rather than in response to Department information requests or in the comment process;
- (3) propose and establish performance metrics consistent with Section 4 of the Guidance Document (Ongoing Reporting Requirements) to track the performance of Otter Tail Power

³ *In the Matter of Otter Tail Power Company's Petition to Implement Electric Utility Infrastructure Cost Recovery Rider for Advanced Metering Infrastructure / Outage Management System / Demand Response System, Rate Schedule 13.11.* Docket No. E017/M-21-382. Otter Tail Power Company Reply to Response Comments, at 4-7. May 31, 2022. Accessed at (PUBLIC):

<https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={C0741B81-0000-C719-A3D2-05A627142DEA}&documentTitle=20225-186209-01>.

- Company's AMI and OMS Projects in an annual report published in the EUIC Rider proceeding and for any other projects proposed in future EUIC Rider petitions; and
- (4) file an annual report on Otter Tail Power Company's grid modernization investments consistent with Section 4 of the Guidance Document (Ongoing Reporting Requirements) including detailed information regarding the status and efficacy of the projects.

The Department appreciates Otter Tail Power's willingness to provide this information and assist the Department, stakeholders, and the Commission in reviewing these technically complex, novel, and significant investment in grid modernization technologies and systems.

The Department highlights Otter Tail Power's agreement in this proceeding to emphasize that while the Department understands Minnesota Power's concerns regarding a "one-size fits all" approach,⁴ the Department is working earnestly with other utilities to determine a reasonable path forward. Otter Tail Power acceded to the Department's recommended approach to evaluating its grid modernization investment proposals in its EUIC Rider, which should be seen as an indication that such reasonable paths forward can be found with Minnesota Power and other utilities as well.

1. Concerns Regarding Cost Threshold for Analysis and Compliance Costs

Minnesota Power expressed concern regarding whether the process described in the Guidance Document would be required to the same extent from smaller Grid Modernization projects as from larger ones, stating that "requiring every Grid Modernization project to secure outside consultation, for example would both slow the implementation of these projects and add cost to be funded by ratepayers without providing additional or substantial value in return."⁵

To clarify, the Department is concerned with the quality of the analysis provided by the utilities, not whether the utilities use in-house resources or outside consultants. The Department does not expect utilities to use outside consultants unless necessary. As utilities identify specific smaller Grid Modernization projects, utilities are free to approach the Department in an informal dialogue to achieve consensus. The Department welcomes utility feedback regarding the extent to which their existing resources can furnish the information and analyses the Department reasonably expects utilities to provide when requesting approval of grid modernization investments.

The Department understands this concern, however - as it has been expressed by other utilities in their respective IDPs - and is happy to engage in further record development regarding what, if any, cost threshold should be applied in order to subject a grid modernization proposal to the regulatory paradigm the Department has articulated. It is unclear what level, if any, is currently appropriate.

⁴ MP Reply Comments, at 5.

⁵ *Id.*

The Department notes that the Commission did create a cost threshold for non-wires alternatives (NWA) analysis for utility IDPs. However, the NWA analysis utilities are required to provide in IDPs are less related to forthcoming or existing utility grid modernization investment proposals, so while it may be instructive to look toward the NWA analysis cost threshold as a potential threshold to apply, it is important to point out that difference.

For now, the Department maintains the position articulated in its initial comments in this and other utility IDP proceedings:

It is unclear whether a minimum cost threshold or a minimum grid modernization project capability threshold is appropriate to trigger BCA information requirements consistent with the Guidance Document, but the Department maintains, at base, that any proposed grid modernization project included by utilities in an EUIC Rider petition or a utility rate case should include the quality and type of BCA evaluation and information that the Guidance Document calls for, and that information should be consistent with the information contained in the IDP where that proposal is discussed.

The Department invites further record development regarding a cost threshold for grid modernization investments.

2. Concerns Regarding Duplication of Efforts

Minnesota Power expressed support for Otter Tail Power's position that the "review and tracking outlined in the Guidance Document is best fit during a recovery request rather than the information filing of the IDP."⁶

The Department, in principle, agrees: the Department is not proposing to evaluate the prudence of a utility's grid modernization plans and information provided in response to IDP Filing Requirement 3.D in the IDP proceeding. Instead and only, as articulated in the Department's initial comments,⁷ the Department expects that the information that a utility provides in response to IDP Filing Requirement 3.D (specifically, the utility's 5-Year Action Plan) should be consistent with a utility's actual and/or forthcoming grid modernization investment proposal. Doing so aids the overall approval process and provides stakeholders with an opportunity to understand and provide feedback on a utility's grid modernization plans before the utility proposes it.

⁶ MP Reply Comments, at 5.

⁷ Department Initial Comments, at 18-19. See Section II.A.6.b "Consistency of Information"

The Department reiterates and emphasizes the observation that a utility's grid modernization *proposal* may be different from a utility's grid modernization *plan* based on project-specific circumstances on a case-by-case basis due to myriad factors, but also directly as a result of feedback and stakeholder recommendations regarding its grid modernization plan. Nevertheless, to the extent practicable, a utility should provide consistent information between plans and proposals, as it will aid the grid modernization proposal's review process and can help expedite review.

3. *Concerns Regarding Overall Fit*

Minnesota Power expressed concern regarding the genesis of the Guidance Document: because it was born out of an RFP related to Xcel Energy's cost recovery proposals related to its grid modernization investments, Minnesota Power "does not believe that a one-size-fits all approach to overseeing Grid Modernization projects is appropriate."⁸ The Department does not intend nor expect that the information and analyses provided by different utilities will necessarily be equivalent; the size, scale, and character of each utility can and should be taken into consideration when evaluating proposals, but it is important that basic information be provided by utilities to facilitate the efficient evaluation of their proposed grid modernization investments.

Such basic information is consistent with the Commission's Orders related to grid modernization investments, and while those Orders are related to Xcel's grid modernization investments, the quality and type of information that utilities ought to provide in grid modernization investment proposals can and should be similar, at least in principle, as explained in the Department's initial comments.

Again, the Department expects that dialogue with Minnesota Power regarding what information the Department expects to be provided in future grid modernization investment proposals will be instructive and has the potential to ameliorate the Company's concerns.

The Department's approach is not intended to result in the construction of a regulatory paradigm that is unduly burdensome, duplicative, and/or costly. On the contrary, the quality and type of information the Department expects utilities to provide when proposing and seeking approval for grid modernization investments are and should be viewed as items that will better support and justify utility investments. The resulting regulatory paradigm should be 1) open and accessible to stakeholders, 2) capable of facilitating utility innovation and investments in grid modernization technologies that enable a wider array of utility services and offerings, and 3) better promote and protect the public interest by ensuring that limited ratepayer resources are invested prudently.

⁸ MP Reply Comments, at 5.

B. ANALYSIS OF MINNESOTA POWER'S RESPONSE TO THE DEPARTMENT'S INITIAL COMMENTS AND RECOMMENDATIONS

1. Minnesota Power's Response to Department Request for Additional Information Clarifying the \$3.9 Million Increase in Planned Distribution System Investments

In its Initial Comments the Department included a comparative analysis of Minnesota Power's planned distribution spending projections for the years 2022 – 2024 as reported in its 2019 and 2021 Integrated Distribution Plans. This information was summarized in the Department's Initial Comments in Table 2 and is reproduced here below.⁹

Table 1. Comparison of MP's Distribution System Projections for the 2022 – 2024 Period: 2019 and 2021 IDP

	2019 IDP (2022 - 2024)	2021 IDP (2022 - 2024)	Δ
IDP Budget Category	Spending (Millions)	Spending (Millions)	(Millions)
<i>Age-Related Replacement and Asset Renewal</i>	\$54.210	\$66.820	\$ 12.61
<i>System Expansion or Upgrades for Capacity</i>	\$2.800	\$3.993	\$ 1.19
<i>System Expansion or Upgrades for Reliability and Power Quality</i>	\$21.420	\$22.505	\$ 1.09
<i>New Customer Projects and New Revenue</i>	\$12.771	\$12.771	\$ -
<i>Grid Modernization and Pilot Programs</i>	\$8.500	\$9.100	\$ 0.60
<i>Projects related to Local (or other) Government Requirements</i>	\$1.750	\$2.350	\$ 0.60
<i>Metering</i>	\$5.850	\$9.750	\$ 3.90
<i>Other</i>	\$1.815	\$4.040	\$ 2.23
Total Spending	\$ 109.12	\$ 131.33	\$ 22.21

The Department specifically noted the large increase of \$3.9 million in projected spending for the IDP Budgeting Category of Metering during this period, and further observed that this increased investment within the metering category could be entirely attributed to additional spending projected for 2022. The Department subsequently requested clarification from MP on the specific project or projects that caused the Company to increase its planned 2022 metering investments between its 2019 and 2021 IDPs.

⁹ Department Initial Comments, at 4.

Minnesota Power responded in its Reply Comments that the additional investment in metering in 2022 reflects the timing of meter deliveries. Specifically, the Company explained:¹⁰

During 2021, the Company experienced supply chain impacts from the COVID-19 pandemic, resulting in fewer meters and associated capital expenditures than planned. The delivery of the meters shifted to 2022 prior to the Company filing the 2021 IDP, causing the appearance of increased annual investments in Metering in 2022 in the 2021 IDP relative to the 2019 IDP.

The Department understands the difficulties faced by utilities in procuring materials and equipment as the industry faces supply-chain constraints in the wake of the COVID-19 pandemic, finds the reallocation of funding responsive to these challenges to be reasonable, and appreciates the clarification from the Company regarding its AMI deployment progress.

2. *Minnesota Power's Response to Department Request for Further Discussion Regarding Specific Reliability and Resiliency Targets Used to Identify Needed System Improvements*

In its Initial Comments the Department noted that Minnesota Power was proposing an increase of \$13.81 million over historical investments in the IDP Budgeting Category of System Expansion or Upgrades for Reliability and Power Quality in the Five-year Action Plan of its 2021 IDP for a total investment of \$39.97 million in this category between 2022 – 2026. The Department observed that the large increase in spending in this category was to take place alongside coincident large increases in spending in the IDP Budget Categories of Age-Related Replacement and Asset Renewal and Grid Modernization – both categories that are likely to realize reliability benefits for the distribution system as well.¹¹

In order to ascertain how Minnesota Power prioritizes and selects projects to improve the reliability of its system and the specific technologies used to mitigate reliability risks on the system – especially given the Company's unique largely-rural customer demographic and relatively high portion of the Company's distribution system load comprised of residential customers – the Department requested further information from MP regarding the specific reliability and resiliency targets used by the Company to select projects or sections of the distribution system to improve, and how MP intends to evaluate the performance of these projects and initiatives in improving system reliability and resiliency.¹²

¹⁰ MP Reply Comments, at 3.

¹¹ Department Initial Comments, at 26.

¹² *Id.*

In making this request the Department was attempting to understand how MP's selection of projects and identification and tracking of performance metrics aid the Company in ensuring the cost-effectiveness and efficiency of its selected projects as it "deploy[s] right time/right fit distribution technology that is flexible, adaptable, and upgradable" while "maintaining a focus on customer's needs, upholding distribution planning principles, and aligning these investments with the Company's sustainability goals."¹³

In response to this request Minnesota Power explained its investment plan for improving distribution system reliability and resiliency is the product of a cooperative endeavor between its planning and engineering departments whereby the replacement project needs and developed asset renewal project priorities are primarily based on age, condition, and potential customer impact in parallel with distribution engineering studies that regularly evaluate the reliability performance of distribution facilities to identify poor-performing feeders.¹⁴

The Department requested a narrative explanation of the specific metrics and performance indicators used by MP to identify areas of the distribution system requiring reliability improvements and the technologies or equipment selected for deployment to mitigate these risks in an attempt to determine the criteria used to evaluate investment alternatives and develop internal business cases for investments made in order to maintain reliability.

The Department appreciates that investments made within the various IDP Budget Categories referenced above can all result in increases to the reliability of MP's distribution system and has endeavored in the instant docket to better grasp how grid reliability benefits are evaluated within the Company's existing budgetary processes across each of these categories. The Department's intent in asking utilities to clearly delineate how reliability benefits are assessed and quantified across investment scenarios is to be able to ensure that the records developed in IDP and other grid modernization proceedings are robust, clear, and consistent in identifying and evaluating the most cost-effective ways to improve the reliability of distribution grids in Minnesota.

While the Department notes that the information provided by Minnesota Power in its Reply Comments related to reliability metrics and performance indicators did not provide the nuance or clarity expected by the Department to effectuate such an analysis, these expectations are tempered by the understanding that integrated distribution system planning is an iterative process in the state. The Department anticipates ongoing dialogue with the Commission, Minnesota Power, and other stakeholders towards creating a unified approach towards valuing resiliency within the context of integrated distribution system planning.

¹³ MP 2021 IDP, at 5.

¹⁴ MP Reply Comments, at 3.

3. *Minnesota Power's Response to Department Request for an Explanation of Specific Investments Causing a \$7.87 Million Increase in the Metering IDP Budget Category in 2022*

In its Initial Comments the Department requested that Minnesota Power provide an explanation of the specific project or projects that contributed to the actual investment in the IDP Budgeting Category of Metering for the year 2020 totaling \$12.52 million, or \$7.87 million above the amount MP budgeted for this category and year in their 2019 IDP. The Department provided Table 5 in Initial Comments depicting the budgeted and actual spending for calendar year 2020 as proposed in MP's 2019 IDP and reported in its 2021 IDP, and reproduces the table here below:¹⁵

Table 2. MP's 2020 Distribution System Investments, as Budgeted in 2019 IDP and Actual Reported Expenditures from 2021 IDP

IDP Budget Category	2020		Δ
	Budgeted (Millions)	Actual (Millions)	(Millions)
<i>Age-Related Replacement and Asset Renewal</i>	\$ 9.47	\$ 10.55	\$ 1.08
<i>System Expansion or Upgrades for Capacity</i>	\$ 0.70	\$ 0.81	\$ 0.11
<i>System Expansion or Upgrades for Reliability and Power Quality</i>	\$ 4.47	\$ 6.14	\$ 1.67
<i>New Customer Projects and New Revenue</i>	\$ 4.41	\$ 3.50	\$ (0.91)
<i>Grid Modernization and Pilot Programs</i>	\$ 1.75	\$ 0.82	\$ (0.94)
<i>Projects related to Local (or other) Government Requirements</i>	\$ 0.20	\$ 2.12	\$ 1.92
<i>Metering</i>	\$ 4.65	\$ 12.52	\$ 7.87
<i>Other</i>	\$ 2.48	\$ 3.38	\$ 0.90
Total Spending	\$ 28.13	\$ 39.83	\$ 11.71

Minnesota Power's Reply Comments provided the following justification for the increased spending in metering in calendar year 2020:¹⁶

¹⁵ Department Initial Comments, at 33.

¹⁶ MP Reply Comments, at 3.

Upon Company review, it was identified that the Customer to Meter (or meter data management) project was included in the 2020 actuals as presented in the 2021 IDP but not included in the future investments presented in the 2019 IDP. Had this project been included in both tables, the 2020 Budget would show \$9.65M compared to 2020 Actuals of \$12.52M for an updated variance of \$2.87M, with the AMI meter deployment accounting for \$2.44M of the variance.

The Department appreciates the Company's response and clarification of the budget items in question.

4. Minnesota Power's Response to Department Request for an Update on the Status of the Company's Non-Wire Alternatives Study

Minnesota Power mentioned in its 2021 IDP that it had contracted with a consultant to conduct a Distribution Non-Wire Alternatives Study. The Company explained that the process was initiated in mid-2021 in advance of filing the IDP, and the consultant was tasked with developing NWA solutions for specific opportunities on MP's system where enhanced backup capability, feeder automation, or dynamic voltage control are or could become desirable. MP stated that the study effort was expected to take the entirety of 2021 – possibly in to 2022 – and the earliest implementation opportunity for projects selected through this process would be 2023. In its Initial Comments the Department requested that MP provide an update on the current status of the Non-Wire Alternatives Study in Reply Comments.

Minnesota Power responded to this request in Reply Comments by providing a narrative of the evolution of the Study and unexpected challenges that had emerged after the Company filed its 2021 IDP. The Company noted that consultant bids received in response to its RFP came back much higher than was initially expected by MP, and as a result the Company decided to decrease the number of scenarios to be analyzed and split this work between two consultants. One of these consultants completed two study scenarios in early 2022, while the other consultant completed a technical study report for one additional scenario in early 2022, however "unexpected challenges working on the scenario and benefit-cost assessment caused Minnesota Power to end the Non-Wire Alternatives Study work with that consultant earlier than originally expected."¹⁷ The remaining consultant will be completing a third scenario, after which time "a full benefit-cost assessment report including all three scenarios will be available following completion of the third scenario in mid-2022."¹⁸

¹⁷ MP Reply Comments, at 4.

¹⁸ *Id.*

The Department requests that Minnesota Power file a copy of the Non-Wire Alternatives Study and associated benefit-cost assessment report in the instant docket and discuss this at a future IDP stakeholder meeting in order to provide the Department and stakeholders with timely and relevant information as to where MP sees opportunities for the deployment of NWA solutions to increase the safety, reliability, and resiliency of on its distribution system and potentially defer or obviate the need for capital investments.

C. IDP NOTICE TOPIC #4: ARE THERE FILING REQUIREMENTS THAT ARE NOT INFORMATIVE AND/OR SHOULD BE DELETED OR MODIFIED, AND WHY?

In its Initial Comments the Department recommended that the Commission “further clarify its intent in Filing Requirement 3.A.28 which requires the utility to provide ‘[p]rojected distribution system spending for 5-years into the future for the categories listed above, itemizing any *non-traditional* distribution projects (emphasis added).”¹⁹ The Department provided the following rationale for the request:²⁰

Upon review of the utilities’ response to this filing requirement it appears to the Department as if respondents are choosing to define this somewhat ambiguous term as being synonymous with Non-Wires Alternatives and are thus only presenting itemized cost data for those projects meeting NWA thresholds for consideration. This has greatly limited the amount of detailed financial information provided to the Commission for review and frustrates Department efforts to confirm that projected investments in MP’s 5-year plan are indeed timed and sized appropriately to meet or otherwise respond to short-term distribution system needs.

As a starting point for consideration the Department offered a potential recommendation to define non-traditional projects as those that are centered around the ability of a proposed project or technology to enable two-way information or power flows on the distribution system and invited feedback from the Company and stakeholders regarding this approach.

In Reply Comments MP did not address the proposed definition for non-traditional projects but supported the Department’s request for clarification of Filing Requirement 3.A.28.

¹⁹ Department Initial Comments, at 38.

²⁰ *Id.*

D. IDP NOTICE TOPIC #5: ARE THERE OTHER ISSUES OR CONCERNS RELATED TO THIS MATTER?

The Department noted in its Initial Comments in the instant docket - as it did in each utility IDP record - that it was difficult to find a current version of each utility's IDP Filing Requirements and recommended that the Commission include MP's IDP Filing Requirements in its Order in this and subsequent IDP proceedings, including a red-line version if modifications are made.

In Reply Comments MP noted that it has no objection to this request from the Department.

E. IDP NOTICE TOPIC #1: SHOULD THE COMMISSION ACCEPT OR REJECT MINNESOTA POWER'S INTEGRATED DISTRIBUTION PLAN (IDP)?

The Department appreciates Minnesota Power's provision of information and discussion of topics identified for further exploration in the Department's Initial Comments. The Department's requests for additional information and insight into the Company's planning and spending notwithstanding, the Department maintains its conclusion that the Company sufficiently addressed each of the IDP Filing Requirements and Commission Orders.

After reviewing the Company's Reply Comments, **the Department recommends that the Commission accept Minnesota Power's 2021 IDP with the understanding that acceptance of the IDP has no bearing on prudence or certification of specific proposed investments.**

III. DEPARTMENT RECOMMENDATIONS

The Department appreciates the opportunity to further comment on Minnesota Power's 2021 IDP and to further the goals of distribution system planning for the Cooperative and in Minnesota generally.

The Department makes the following final recommendations:

- **The Department recommends that the Commission accept Minnesota Power's 2021 Integrated Distribution Plan with the understanding that acceptance of the IDP has no bearing on prudence or certification of specific proposed investments.**
- **The Department requests that in future filings regarding customer-facing utility offerings and programs that may be enabled by new investments in grid modernization technologies that Minnesota Power includes in the information provided in response to IDP Filing Requirement 3.D, Minnesota Power provides the following information:**
 - **Internal benefit-cost analyses for reference and investment case scenarios, including reasonably known and analyzed alternatives;**
 - **Assumptions and data supporting the projected customer participation rates;**

- Sensitivity analysis for varying rates of adoption of proposed programs; and
 - Discussion of how the proposed customer-facing utility offerings and programs may interact with existing or proposed Conservation Improvement Plan or Next Generation Energy Act programs.
- The Department recommends that the Commission require utility grid modernization proposals to adhere to the filing requirements, methods of evaluation, and ratepayer protections detailed in the Guidance Document.
- The Department recommends that the Commission require Minnesota Power to provide BCA information consistent with Section 2 of the Guidance Document (Grid Modernization Evaluation Framework), comply with Section 3 of the Guidance Document (Initial Filing Requirements), and propose an annual report of approved projects consistent with Section 4 of the Guidance Document (Ongoing Reporting Requirements) in future EUIC Rider proceedings for any projects that the Commission approves in those proceedings.
- The Department recommends that the Commission further clarify its intent in Filing Requirement 3.A.28 which requires the utility to provide “[p]rojected distribution system spending for 5-years into the future for the categories listed above, itemizing any *non-traditional* distribution projects (emphasis added).”
- The Department recommends that the Commission include Minnesota Power’s IDP Filing Requirements in its Order in this and future IDP proceedings, including a red-line version if modifications are made to MP’s IDP Filing Requirements.

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
Reply Comments

Docket No. E015/M-21-390

Dated this 17th day of **June 2022**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-390_M-21-390
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-390_M-21-390
Melinda	Granley	mgranley@duluthmn.gov		411 West First St Duluth, MN 55802	Electronic Service	No	OFF_SL_21-390_M-21-390
Alexander	Jackson	ajackson@DuluthMN.gov	Minnesota Power	1532 W Michigan St Duluth, MN 55806	Electronic Service	No	OFF_SL_21-390_M-21-390
David	Moeller	dmoeller@allte.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	OFF_SL_21-390_M-21-390
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_21-390_M-21-390
Anne	Rittgers	arittgers@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_21-390_M-21-390
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-390_M-21-390