



February 22, 2021

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

***Subject: Dakota Electric Association Reply Comments***

***In the Matter of a Petition by Dakota Electric Association for a  
Variance to Minnesota Rule 7825.2820***

***Docket No. E-111 /M-20-789***

Dear Mr. Seuffert:

On October 16, 2020, Dakota Electric Association® (Dakota Electric® or Cooperative) filed a petition with the Minnesota Public Utilities Commission (Commission or MPUC) seeking a variance to Minnesota Rule 7825.2820 which requires the Cooperative to provide an independent Annual Auditor's Report in its AAA filings. Dakota Electric's proposed variance would apply to all future Resource and Tax Adjustment (RTA) filings after the January 2021 filing.

On February 16, 2021, the Minnesota Department of Commerce (Department or DOC) filed comments detailing their review and recommendations of Dakota Electric's filing. Based on the Department's review, the DOC concludes that Dakota Electric's variance request meets the criteria for granting a variance established under Minnesota Rule 7829.3200 and recommends that the Commission approve the Cooperative's variance request for the audit requirement under Minnesota Rule 7825.20 for all future RTA filings after January 2021.

## **Dakota Electric Reply Comments**

Dakota Electric submits these Reply Comments in response to the Department's February 12 review and recommendations. We concur with the Department recommendation to approve this variance for all future RTA filings after January 2021.

As we noted in response to an informal Department information request, Dakota Electric considered what is being covered in the AAA audit and how the same basic auditing functions are being performed on the Cooperative's annual financials. We provided an identification of the steps that are performed during the AAA audit and the comparable audit functions that are performed as part of our annual cooperative financial audit. The essential audit functions are comparable, although the annual financial audit does not specifically review past PUC dockets/orders. It is this comparability of audit review that led us to request this variance. This duplication has been the case since Dakota Electric has been rate regulated in the early 1980s. We continued to have an audit performed on AAA data because it was required by Minnesota Rules. We are required to perform an annual cooperative financial audit as a normal course of business. The request to waive the audit of AAA data became more apparent as we now submit the AAA report at the time of the annual RTA filing.

Even beyond the assurance of an audit review, we note that there are easily verifiable statements that Dakota Electric receives for two major components of the RTA as follows:

- We receive monthly wholesale power cost bills from Great River Energy. These can be used to verify our reported wholesale power costs.
  - Additionally, GRE's financial auditor annually validates what DEA booked for power costs in comparison to what GRE has stated on their financials for the related year.
- We receive property tax statements from the counties where we have facilities. The overall property taxes can be verified from these statements.

Finally, while not a statement from a third-party, Dakota Electric tracks all CIP related costs through project coding. The detail of this project coding is provided as part of our annual RTA filing.

**Conclusion**

Dakota Electric appreciates the Department’s review, comments, and recommendation in this filing. We request that the Commission approve the variance as requested 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](mailto:dlarson@dakotaelectric.com).

*Sincerely,*

*/s/ Douglas R. Larson*

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

**Certificate of Service**

I, Melissa Cherney, hereby certify that I have this day served copies of the attached document to those on the following service list by e-filing, personal service, or by causing to be placed in the U.S. mail at Farmington, Minnesota.

**Docket Nos. *E-111/M-20-789***

Dated this 22nd day of February 2021

*/s/ Melissa Cherney*

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Melissa Cherney

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Ryan	Barlow	ryan.barlow@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350  St. Paul, MN 55101214	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Eric	Fehlhaber	efehlhaber@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Corey	Hintz	chintz@dakotaelectric.com	Dakota Electric Association	4300 220th Street  Farmington, MN 550249583	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	Yes	GEN_SL_Dakota Electric Association_General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List
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	No	GEN_SL_Dakota Electric Association_General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Dakota Electric Association_General Service List