

225 1st St NE
Melrose, Minnesota 56352

Phone 320 • 256 • 4278
Fax 320 • 256 • 7766
e-mail: admin@cityofmelrose.com
website: www.cityofmelrose.com

Attn: Dale Lusti / Michelle Rebholz
MN Public Utilities Commission
121 7th Place E. Suite 350
St. Paul, MN 55101-2147

August 15, 2017

RE: Permanent Boundary Change – Electric Service Territory
Melrose Public Utilities and Stearns Electric Cooperative

Dear MN Department of Commerce/MN Public Utilities:

The purpose of this letter is to file an amendment to the service territory map for the City of Melrose and Stearns Cooperative Electric Association with the Minnesota Public Utilities Commission. Please find the in accordance to the Service Area Extension:

1. Cover Ltr (This document serves as cover letter)
2. Melrose Public Utilities Stearns Electric Cooperative
225 1st ST NE 900 Kraft Dr SE
Melrose, MN 56352 Melrose, MN 56352
320-256-4278 320-256-4241
admin@cityofmelrose.com dgruenes@stearnselectric.org
3. Annexation Exhibit, City of Melrose (Legal Description and Map)
4. Copy of the Order from the State of Minnesota Municipal Boundary Adjustments dated January 6, 2017.
5. Copy of the Service Territory Agreement between Stearns Cooperative Electric Association and Melrose Public Utilities Commission, City of Melrose
6. Copy of the Agreement between Stearns Cooperative Electric Association and the City of Melrose regarding the annexation.
7. Letter Certification agreement is consistent with Minn. Stat 216B.39
8. Customers Affected:

| | Date Notice Provided | Number of Customers | Date N | Number of Customers |
|------------|----------------------|---------------------|-----------------|---------------------|
| Industrial | August 15, 2017 | 1 | August 15, 2017 | 1 |

If you have any questions or require further information, please do not hesitate to contact me via e-mail at mbrethorst@cityofmelrose.com or by the number on this letter head. Thank you for your assistance in this matter.

Submitted By,

Michael M. Brethorst, M.S.
City Administrator

CC: Stearns Electric Service Cooperative

**ANNEXATION EXHIBIT
CITY OF MELROSE
STEARNS COUNTY, MINNESOTA**

EXISTING DESCRIPTION:

(Part of Document No. A1367542, as provided by the client)

The East Half of the Southeast Quarter (E ½ SE¼) less and except therefrom the West Half of the South Three-fourths of the Southeast Quarter of the Southeast Quarter (W ½ S ½ SE¼ SE¼) of Section Thirty-five (35), Township One Hundred Twenty-six (126), Range Thirty-three (33) West.

LESS AND EXCEPT THEREFROM that portion platted as Eich's Acre.

PROPOSED DESCRIPTIONS:

PARCELA

(Property to be Annexed by the City of Melrose)

That part of the East Half of the Southeast Quarter, Section 35, Township 126, Range 33, Stearns County, Minnesota, being described as follows:

Commencing at the southeast corner of said Section 35; thence on an assumed bearing of North 89 degrees 52 minutes 43 seconds West, along the south line of said Southeast Quarter and also being the south line of the plat of EICH'S ACRES, according to the recorded plat thereof on file in the office of the County Recorder, Stearns County, Minnesota, a distance of 662.18 feet to the southwest corner of the East Half of the Southeast Quarter of the Southeast Quarter and also being the southwest corner of said plat of EICH'S ACRES; thence North 00 degrees 43 minutes 50 seconds West, along the westerly line of said plat of EICH'S ACRES also being the west line of said East Half of the Southeast Quarter of the Southeast Quarter, a distance of 285.00 feet to the northwest corner of said plat of EICH'S ACRES; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter, a distance of 700.60 feet to the point of beginning of the parcel of land to be described; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter and its northerly extension, a distance of 518.62 feet; thence North 52 degrees 34 minutes 36 seconds West, a distance of 555.79 feet; thence North 00 degrees 40 minutes 00 seconds West, more or less, to the southerly bank of the Sauk River; thence Southwesterly, along said southerly bank of the Sauk River, a distance of 694 feet, more or less, to the southerly bank of the Sauk River; thence thence South 00 degrees 40 minutes 00 seconds East, along the west line of said East Half of the Southeast Quarter, a distance of 1462 feet, more or less, to the northwest corner of West Half of the South Three-Fourths of the Southeast Quarter of said Southeast Quarter; thence South 89 degrees 54 minutes 31 seconds East, a distance of 661.07 feet to the point of beginning.

Said parcel of land contains 14.6 acres of land, more or less, and is subject to existing easements of record.

PARCEL B

(Eich remainder Property-not being annexed by the City of Melrose)

That part of the East Half of the Southeast Quarter, Section 35, Township 126, Range 33, Stearns County, Minnesota, being described as follows:

Commencing at the southeast corner of said Section 35; thence on an assumed bearing of North 89 degrees 52 minutes 43 seconds West, along the south line of said Southeast Quarter and also being the south line of the plat of EICH'S ACRES, according to the recorded plat thereof on file in the office of the County Recorder, Stearns County, Minnesota, a distance of 662.18 feet to the southwest corner of the East Half of the Southeast Quarter of the Southeast Quarter and also being the southwest corner of said plat of EICH'S ACRES; thence North 00 degrees 43 minutes 50 seconds West, along the westerly line of said plat of EICH'S ACRES also being the west line of said East Half of the Southeast Quarter of the Southeast Quarter, a distance of 285.00 feet to the northwest corner of said plat of EICH'S ACRES, said point being the point of beginning of the parcel of land to be described; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter, a distance of 700.60 feet; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter and its northerly extension, a distance of 518.62 feet; thence North 52 degrees 34 minutes 36 seconds West, a distance of 555.79 feet; thence North 00 degrees 40 minutes 00 seconds West, more or less, to the southerly bank of the Sauk River; thence Northwesterly, along said southerly bank of the Sauk River, a distance of 183 feet, more or less, to the north line of said Southeast Quarter; thence South 89 degrees 57 minutes 31 seconds East, along the north line of said Southeast Quarter, a distance of 1511 feet, more or less, to the northeast corner of said Southeast Quarter; thence South 00 degrees 47 minutes 41 seconds East, along the east line of said Southeast Quarter, a distance of 2344.24 feet to the north line of said plat of EICH'S ACRES; thence North 89 degrees 53 minutes 42 seconds West, along the north line of said plat of EICH'S ACRES, a distance of 661.86 feet to the point of beginning.

AND

That part of the East Half of the Southeast Quarter, Section 35, Township 126, Range 33, Stearns County, Minnesota, which lies northwesterly of the northerly bank of the Sauk River.

Said parcel of land contains 45.09 acres of land, more or less, and is subject to existing easements of record.

NOTE:

1. This survey was performed, and the survey map prepared, without benefit of either a title insurance commitment or an attorney's title opinion. The record boundary and easement information (if any) shown hereon is based on information provided by the client. Research of documents affecting title to the property surveyed or adjoining properties has been limited to a cursory review of record information and it is recommended that all title matters affecting this property and survey reviewed by an attorney or other title professional.
2. Bearing Orientation. The south line of said Southeast Quarter, Section 35, Township 126 North, Range 33 West, Stearns County, Minnesota, is assumed as having a Bearing of North 89 degrees 52 minutes 43 seconds West.
3. The field survey was completed on February 2nd, 2016.



SURVEYOR'S CERTIFICATION

I hereby certify that this survey was prepared by me or under my direct supervision and that I am a duly licensed land surveyor under the laws of the State of Minnesota.

Bruce W. Skipton

Date

02/11/2016

Bruce W. Skipton
Professional Land Surveyor
License Number 17768

ANNEXATION EXHIBIT
MELROSE, MINNESOTA

BOLTON & MENK, INC.
Consulting Engineers & Surveyors

2040 HIGHWAY 12 EAST
WILLMAR, MINNESOTA 56201
(320)-231-3956

PART OF THE SOUTHEAST QUARTER
SECTION 35, TOWNSHIP 126 N, RANGE 33 W
STEARNS COUNTY, MINNESOTA

FOR: JENNIE-O TURKEY STORE, INC

RECEIVED

JAN 09 2017

CITY OF MELROSE
MELROSE, MN

January 6, 2017

City of Melrose
c/o Michael Brethorst, Administrator
Melrose City Hall
225 1st St NE
Melrose, MN 56352-1153

Melrose Town Board
c/o Heidi Anderson, Clerk
PO Box 111
Melrose, MN 56352-0111

Scott E. Dymoke
Dymoke Law Office, PA
300 Riverside Ave NW
Melrose, MN 56352

Joseph J. Eich & Melissa Engebretson
32502 County Rd 65
Melrose, MN 56352

RE: OAH 84-0331-34065 (MBAU A-8032 Melrose/Melrose Township)

Dear Mr. Brethorst, Ms. Anderson, Mr. Dymoke, Mr. Eich, and Ms. Engebretson:

Attached and served upon you is Chief Administrative Law Judge Tammy L. Pust's **ORDER APPROVING ANNEXATION ORDINANCE** in the above-entitled matter. The Office of Administrative Hearings' file in this matter is now closed.

Please contact me at 651-361-7909 or star.holman@state.mn.us if you have any questions.

Sincerely,



STARLENE J. HOLMAN
State Program Administrator Senior

Attachment

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Annexation of
Certain Real Property to the City of
Melrose from Melrose Township
(MBAU Docket A-8032)

**ORDER APPROVING
ANNEXATION ORDINANCE**

On November 17, 2016, the City of Melrose (City) adopted Ordinance Number 11-17-2016-1 (Ordinance) annexing certain real property (Property) from Melrose Township (Township) legally described as follows:

That part of the East Half of the Southeast Quarter, Section 35, Township 126, Range 33, Stearns County, Minnesota, being described as follows:

Commencing at the southeast corner of said Section 35; thence on an assumed bearing of North 89 degrees 52 minutes 43 seconds West, along the south line of said Southeast Quarter and also being the south line of the plat of EICH'S ACRES, according to the recorded plat thereof on file in the office of the County Recorder, Stearns County, Minnesota, a distance of 662.18 feet to the southwest corner of the East Half of the Southeast Quarter of the Southeast Quarter and also being the southwest corner of said plat of EICH'S ACRES; thence North 00 degrees 43 minutes 50 seconds West, along the westerly line of said plat of EICH'S ACRES also being the west line of said East Half of the Southeast Quarter of the Southeast Quarter, a distance of 285.00 feet to the northwest corner of said plat of EICH'S ACRES; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter, a distance of 700.60 feet to the point of beginning of the parcel of land to be described; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter and its northerly extension, a distance of 518.62 feet; thence North 52 degrees 34 minutes 36 seconds West, a distance of 555.79 feet; thence North 00 degrees 40 minutes 00 seconds West, a distance of 694 feet, more or less, to the southerly bank of the Sauk River; thence Southwesterly, along said southerly bank of the Sauk River, a distance of 239 feet, more or less, to the west line of the East Half of the Southeast Quarter; thence South 00 degrees 40 minutes 00 seconds East, along the west line of said East Half of the Southeast Quarter, a distance of 1462 feet, more or less, to the northwest corner of West Half of the South Three-Fourths of the Southeast Quarter of said Southeast Quarter; thence South 89 degrees 54 minutes 31 seconds East, a distance of 661.07 feet to the point of beginning. Said parcel of land contains 14.6 acres of land, more or less, and is subject to existing easements of record.

Based upon a review of the Ordinance, the Chief Administrative Law Judge makes the following:

ORDER

1. Pursuant to Minn. Stat. § 414.033 (2016), the Ordinance is deemed adequate in all legal respects and properly support this Order.

2. Pursuant to the terms of the Ordinance and this Order, the Property is **ANNEXED** to the City.

3. Pursuant to Minn. Stat. § 414.036 (2016), and as agreed to by the City and Township, and the City will reimburse the Township two equal payments of \$125 as stated in the City's January 5, 2017 letter to the Township.

Dated: January 6, 2017



TAMMY L. PUST

Chief Administrative Law Judge

NOTICE

This Order is the final administrative order in this case under Minn. Stat. §§ 414.033, .07, .09, .12 (2016). Minn. Stat. § 414.033, subd. 7, requires that a copy of the annexation ordinance be filed with the township, the appropriate county auditor(s), and the Secretary of State.

Pursuant to Minn. Stat. § 414.07, subd. 2, any person aggrieved by this Order may appeal to Stearns County District Court by filing an Application for Review with the Court Administrator within 30 days of this Order. An appeal does not stay the effect of this Order.

Any party may submit a written request for an amendment of this Order within seven days from the date of the mailing of the Order pursuant to Minn. R. 6000.3100 (2015). However, no request for amendment shall extend the time of appeal from this Order.

**Service Territory Agreement
Between
Stearns Cooperative Electric Association
And
Melrose Public Utilities Commission
City of Melrose**

This Agreement, entered into this 21st day of May, 1998 between the Melrose Public Utilities Commission/City of Melrose ("Melrose"), a Municipal Electric Utility and Stearns Cooperative Electric Association ("Stearns") a Minnesota corporation.

FACTS:

Stearns and Melrose, collectively called "Parties", each own and operate electric power distribution systems in the State of Minnesota; and

The Parties have defined service territory boundaries as established by the Minnesota Public Utilities Commission; and

This agreement between the two Parties is for the purpose of establishing a method of orderly transference of the ownership of electric plant and electric service to customers receiving electric service from Stearns to Melrose under the provisions of applicable Minnesota State Law and such other provisions as are mutually agreed to by Stearns and Melrose; and

The Parties acknowledge that this Agreement and its terms have been the result of negotiations, taking into consideration the costs of litigation and the risks of litigation otherwise required to settle the matters addressed in this Agreement and they do not necessarily reflect the position of Stearns or Melrose as to the appropriate application of the law determining rights and obligations of the parties or compensation and service territory matters and shall not be offered by Stearns or Melrose as evidence in any other proceeding related to service territory matters.

AGREEMENT:

For consideration of One Dollar (\$1.00) and mutual promises of the Parties and other good and valuable consideration, the Parties agree as follows:

That Stearns can continue to serve those areas annexed into the city without compensation. A franchise fee may be

charged to Stearns by Melrose not exceeding 2% of Stearns' revenue from energy sold to consumers in the annexed area.

That if Melrose decides at any future date to provide electrical service to Stearns Electric consumers annexed into the Melrose city limits, compensation for the loss of consumers and loss of distribution plant will be paid to Stearns and shall be calculated according to the terms set forth in items (1) through (4) below.

- 1) Melrose shall pay the depreciated cost of all distribution plant within the annexed area based upon actual work order costs when available, or by estimated cost based upon age of the facilities in place. The depreciated cost shall be defined as the original cost of the facilities depreciated to date of transfer. Stearns shall compute the amount due and provide Melrose with any requested documentation of said amounts due.
- 2) Melrose shall pay for all integration costs associated with the loss of Stearns distribution plant facilities. These costs include such things as maintaining loop feeds, stranded investment, construction required to disconnect plant from the Stearns distribution network, and any routine switching required in the conversion process.
- 3) Melrose shall reimburse Stearns for loss of revenue for all existing customers within the area to be taken over under one of the options listed below.
 - Option A: A one time payment up front as determined by the average annual usage per consumer over the preceding 12 month period times 9 cents per kwh. Stearns shall compute the amount due and provide Melrose with any requested documentation of said amounts due. Payment shall be made within 10 days from the date of the transfer of service.
 - Option B: At a rate of .9 cent per kwh purchased by the consumer from Melrose. This will remain in effect for a period of 10 years. Melrose shall compute the amount due and provide Stearns with any requested documentation of said amounts due. The payment shall be made to Stearns on a monthly basis unless otherwise agreed to.

4) Melrose shall reimburse Stearns for loss of revenue from all customers within the affected area that become connected to the Melrose distribution system in future years. The newly connected consumers will result in a reimbursement under one of the following options:

- Option A: A one time payment up front as determined by the average annual usage per consumer for that class of consumer over the preceding 12 month period times 9 cents per kwh. For commercial consumers the usage shall be based upon an estimate of the energy for that specific load. Consumers energized after 5 years from the date of the takeover shall be discounted .9 cents for every year after the 5th year. Stearns shall compute the amount due and provide Melrose with any requested documentation of said amounts due. The payment shall be made to Stearns within 30 days from the date the service is energized.
- Option B: At a rate of .9 cent per kwh purchased by the consumer from Melrose. This will remain in effect for each load for a period of 10 years except that no payment will be required after 15 years from the date of takeover. Melrose shall compute the amount due and provide Stearns with any requested documentation of said amounts due. The payment shall be made to Stearns on a monthly basis unless otherwise agreed to.

A map of the service territory boundaries between the Parties as they exist at the time the agreement is executed will be attached and listed as Exhibit A. The parties hereto agree to update Exhibit A whenever new transfers of service area are added pursuant to the terms of this agreement. The attached Exhibit A, as well as amended exhibits, shall be filed with the Public Utilities Commission.

Any purchase of facilities is on an "As Is" basis. No warranty or guarantee is declared or implied upon the transfer of these assets. Any compensation provided for in this agreement shall be paid by Melrose within 10 days from the transfer of service area.

In the event Melrose should determine to acquire any portion of Stearns service territory at any future date they shall notify Stearns in writing prior to the exercise of

those rights, which notice shall contain the following information:

- a) The time that they intend to exercise this right.
- b) The election of options under paragraph 3 and 4 above.

This Agreement represents the entire agreement between the parties, and supersedes all prior negotiations and agreements regarding the matter contained herein.

It is agreed that each provision of this agreement shall be considered to be a separate and a severable agreement of the parties, and in the event that any provision of this agreement is determined to be void, invalid, or otherwise not enforceable by a court of law or otherwise, in that event, the entire agreement shall not be rendered null and void, and the balance of the provisions of the agreement not so affected, shall remain in effect and binding upon the parties for the term of the agreement as set forth herein.

IN WITNESS WHEREOF, the appropriate corporate officials have executed this Agreement on the respective dates shown adjacent to their signatures.

STEARNS COOPERATIVE
ELECTRIC ASSOCIATION

BY *Jerome Fogone*
Its President

Dated: May 21, 1998

BY *Harold Landwehr*
Its Secretary-Treasurer

Dated: May 21, 1998

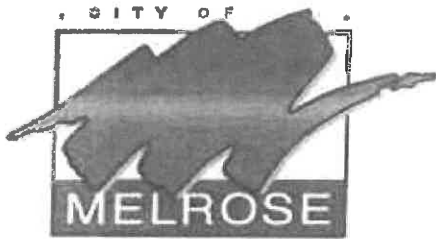
MELROSE PUBLIC
UTILITIES COMMISSION

BY *Ralph G. Wickoff*
Its Chairperson

Dated: May 21, 1998

BY *Joe Berleman*
Its Secretary

Dated: May 21, 1998



225 1st St NE
Melrose, Minnesota 56352

Phone 320 * 256 * 4278
Fax 320 * 256 * 7766
e-mail: admin@cityofmelrose.com
website: www.cityofmelrose.com

Dave Gruenes
Stearns Electric Association
900 Kraft Drive SE
Melrose, MN 56352

July 31, 2017

RE: Notice of Service Territory Annexation

Dear Mr. Gruenes,

The Melrose Public Utilities Commission (PUC) has elected to initiate the process to acquire and provide future electric service to the 14.6 acres recently annexed by the City of Melrose for the Jennie-O Turkey Stores, Inc. (JOTS) project.

JOTS' facility placement plans and the placement of the PUC's distribution plant facilities have not changed since my letter of November 28, 2016, entitled "Annexation 14.6 Acres Service Memorialize." Accordingly, the PUC owes no compensation to Stearns Electric Association (Stearns) under paragraphs 1, 2, and 3 of the Service Territory Agreement, dated May 21, 1998 between Stearns Electric Association, the City of Melrose and the PUC (the Service Agreement).

If in the future, the PUC expands its distribution plant facilities into the 14.6 acre parcel to serve loads in addition to the current proposed JOTS facility, the PUC will compensate Stearns under Paragraph 4, Option B of the Service Agreement, at a rate of 0.9 cent per kwh purchased from the PUC by consumers that become connected for a period of 10 years, except that no payment will be required after 15 years from the date of this Notice.

The PUC will prepare and file an amendment to the service territory map with the Minnesota Public Utilities Commission. We will provide you with a copy of that filing for review and signature by Stearns.

Please sign and date below if Stearns is prepared to proceed as outlined above and return one original copy to me.

Sincerely,

Michael M. Brethorst, MS
City Administrator

On behalf of Stearns Electric Association, I acknowledge and accept the terms of this letter this 1st day of August, 2017.

Dave Gruenes, CEO



225 1st St NE
Melrose, Minnesota 56352

Phone 320 • 256 • 4278
Fax 320 • 256 • 7766
e-mail: admin@cityofmelrose.com
website: www.cityofmelrose.com

Attn: Dale Lusti / Michelle Rebholz
MN Public Utilities Commission
121 7th Place E. Suite 350
St. Paul, MN 55101-2147

August 15, 2017

RE: Permanent Boundary Change – Electric Service Territory
Melrose Public Utilities and Stearns Electric Cooperative
Compliance Certification with Minn. Stat 216B.39

Dear MN Department of Commerce / MN Public Utilities:

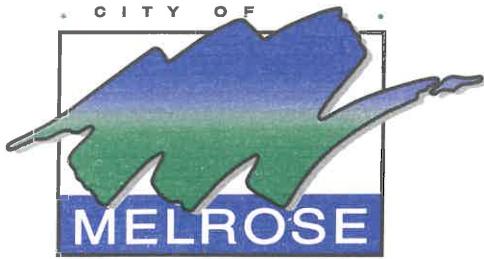
This letter is to certify that the Permanent Boundary Change between the City of Melrose and Stearns Electric Cooperative is in compliance with Minnesota State Statute 216B.39. Both parties have signed and agreed to terms for Permanent Boundary changes. They have also acknowledged the Boundary change and received official notice of property being annexed into the corporate city limits

If you have any questions or require further information, please do not hesitate to contact me via e-mail at mbrethorst@cityofmelrose.com or by the number on this letter head. Thank you for your assistance in this matter.

Submitted By,

Michael M. Brethorst, M.S.
City Administrator

CC: Stearns Electric Service Cooperative



225 1st St NE
Melrose, Minnesota 56352

Phone 320 * 256 * 4278
Fax 320 * 256 * 7766
e-mail: admin@cityofmelrose.com
website: www.cityofmelrose.com

Attn: John Hotek
Jennie-O Turkey Store
123 5th AVE SE
Melrose, MN 56352

August 15, 2017

RE: Notice Permeant Electric Service Boundary Change

Dear Mr. Hotek

In accordance with MN State. 216B.39, the Melrose Public Utilities Commission provides notice that the 14.6-acre annexed lands will be added to the City of Melrose Electric Service Territories (see attached). This territory was previously served by Stearns Electric Service Cooperative. In accordance to the Service Territory Agreement between the City and the Cooperative, it is agreed that if distribution plant extends into this newly annexed territory, compensation will be owed to the Cooperative.

As of the August 15, 2017 and looking forward, there are no plans to place Municipal Distribution plant assets in this annexed area. If any expansion of municipally owned assets is placed in this area, for 10 years, except that no payment will be required after 15 years, prior to the official approval letter from the State of Minnesota regarding, compensation will be owed to the Cooperative.

As per the agreement, Melrose PUC will compensate the Cooperative at a rate of 0.9 cents per kWh purchased serving the newly connected. In accordance to the Melrose Public Utilities Commission

Policy 3.22 SERVICE TERRITORY ACQUISITION:

“Customers that are within a service territory that requires territory acquisition fees to be paid to another electric provider will be charged normal electric rates for their classification rate group plus the territory acquisition fee ...”

As of today, there is no compensation due as the municipal facility placement are located on the West side of the newly annexed service boundary. If you have any questions, please contact me at mbrethorst@cityofmelrose.com

Regards,

PUBLIC UTILITIES COMMISSION

Michael M. Brethorst, M.S.
City Administrator