

March 16, 2026

Sasha Bergman
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce
Docket No. E136/C-26-113

Dear Ms. Bergman,

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

*In the Matter of a Formal Complaint by Larry Rauenhorst against Renville Sibley
Cooperative Power Association.*

The Complaint was filed by Larry Rauenhorst on February 2, 2026.

The Department recommends that the Commission determine it lacks jurisdiction over the complaint and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

AB/ad
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. E136/C-26-113

I. INTRODUCTION

Larry Rauenhorst is a member of the Renville Sibley Cooperative Power Association (the Cooperative).¹ Mr. Rauenhorst installed a solar energy generating facility on his property that is considered a qualifying facility with a capacity less than 40 kilowatts (kW).² Mr. Rauenhorst and the Cooperative executed a Uniform Contract for Cogeneration and Small Power Production Facilities related to the qualifying facility, under which Mr. Rauenhorst elected to be compensated at the average retail cooperative rate.³

After the parties executed the contract, the Cooperative informed Mr. Rauenhorst that it would not compensate him for energy produced by the qualifying facility and exported to the Cooperative at the average retail rate because to do so “would result in a loss to the cooperative.”⁴ Instead, the Cooperative proposed to compensate Mr. Rauenhorst at a rate that represented the power cost the Cooperative would pay to its wholesale power cooperative for an equivalent amount of energy.⁵

After the Cooperative informed Mr. Rauenhorst that it would not compensate him at the average retail rate, the Cooperative met and changed its bylaws to require members to arbitrate any disputes except for “disputes or claims relating to the payment of electrical energy and/or other services provided by the Co-op.”⁶ When Mr. Rauenhorst served the Cooperative with an action to enforce his rights under Minnesota law, the Cooperative raised the arbitration provision.⁷

Mr. Rauenhorst subsequently filed the instant complaint, requesting that the Minnesota Public Utilities Commission (the Commission) direct the Cooperative to comply with Minnesota law, compensate him at the average retail rate, and make determinations regarding the Cooperative’s dispute-resolution procedure.

¹ *In the Matter of a Formal Complaint by Larry Rauenhorst against Renville Sibley Cooperative Power Association*, Larry Rauenhorst, Complaint, February 2, 2026, Docket No. E136/C-26-113, (eDockets) [20262-227915-01](#) [hereinafter “Complaint”].

² Complaint at 5.

³ Complaint [Exhibit B](#) at 1.

⁴ Complaint [Exhibit D](#) at 1.

⁵ *Id.* at 2.

⁶ Complaint [Exhibit E](#) at 4.

⁷ Complaint at 3.

II. PROCEDURAL BACKGROUND

- | | |
|-------------------|--|
| February 2, 2026 | Larry Rauenhorst filed a complaint against the Renville Sibley Cooperative Power Association. ⁸ |
| February 13, 2026 | The Commission posted a notice of comment period for the complaint. |

Topic(s) open for comment:

- 1) Does the Commission have jurisdiction over the subject matter of the Complaint?
- 2) Are there reasonable grounds for the Commission to investigate these allegations?
- 3) Is it in the public interest for the Commission to investigate these allegations?
- 4) If the Commission chooses to investigate the Complaint, what procedures should be used to do so?
- 5) Are there other issues or concerns related to this matter?

III. DEPARTMENT ANALYSIS

A. JURISDICTION

The first topic open for comment is whether the Commission has jurisdiction over the subject matter of the complaint. Pursuant to Minn. Stat. § 216B.17, the Commission has broad authority to investigate matters relating to public utilities. However, Minn. Stat. § 216B.17, subd. 6a, establishes that for purposes of the statute, “public utility shall include cooperative electric associations with respect to service standards and practices only.” The Commission’s authority to investigate the Cooperative under Minn. Stat. § 216B.17 is therefore limited to the Cooperative’s service standards and practices.

The dispute here arises specifically from Mr. Rauenhorst’s contention that the Cooperative is failing to comply with Minn. Stat. § 216B.164 and the related Minnesota Rules. Under Minn. Stat. § 216B.164, subd. 5, “[i]n the event of disputes between a public utility and a qualifying facility, either party may request a determination of the issue by the commission.” But a cooperative electric association may elect to assume the authority delegated to the Commission if it satisfies the criteria of Minn. Stat. § 216B.164, subd. 11.

Specifically, Minn. Stat. § 216B.164, subd. 11, provides:

- (a) For purposes of this section only, the term "commission" means the board of directors of a cooperative association that (1) elects, by resolution, to assume the authority delegated to the Public Utilities Commission over cooperative electric associations under this section, and

(2) adopts and has in effect rules implementing this section. The rules must provide for a process to resolve disputes that arise under this section, and must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented in accordance with paragraph (b). A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission under this section.

(b) In the event of a dispute between a cooperative electric association and one or more of its members, either party may request mediation of the dispute only after all attempts to settle the dispute under the cooperative electric association's dispute resolution process have been exhausted. The parties must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of Minnesota's General Rules of Practice for the District Courts. The cooperative electric association shall pay 90 percent of the cost of mediation, and the member or members who initiated the dispute shall pay ten percent of the cost of mediation.

Mr. Rauenhorst contends that “[r]efusing to comply with Minnesota law is a service standard or practice.”⁹ The department disagrees with this broad contention. “Service” is defined in Minn. Stat. § 216B.02, subd. 6, to mean “natural, manufactured, or mixed gas and electricity; the installation, removal, or repair of equipment or facilities for delivering or measuring such gas and electricity.” The Department does not believe what compensation rate to pay or what dispute-resolution process to utilize are standards or practices relating to service as defined in Minn. Stat. § 216B.02, subd. 6. Instead, Mr. Rauenhorst’s allegations relate directly to the requirements of Minn. Stat. § 216B.164. As noted above, Minn. Stat. § 216B.164, subd. 11, creates a clear mechanism by which a cooperative electric association may elect to assume the authority delegated to the Commission under the statute. Under Minn. Stat. § 216B.164, subd. 11, “A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission under this section.”

Based on this statutory scheme, the Department concludes that whether the Commission has jurisdiction over the subject matter of the complaint depends on whether the Cooperative has adopted a resolution and rules under Minn. Stat. § 216B.164, subd. 11. And it appears that the Cooperative has done so.

The “Renville-Sibley Cooperative Power Association Cogeneration Rules Implementing 216B.164” are included as Exhibit C to the complaint.¹⁰ Those rules, on their face, appear to be consistent with the requirements of Minn. Stat. § 216B.164, subd. 11, and include the mediation provision required by

⁹ Complaint at 10.

¹⁰ Complaint [Exhibit C](#).

Minn. Stat. § 216B.164, subd. 11(b).¹¹ Because the Cooperative adopted rules and regulations under Minn. Stat. § 216B.164, and the mediation provision in those rules is consistent with Minn. Stat. § 216B.164, subd. 11(b), it appears that the Cooperative is exempt from regulation by the Commission under the statute.

Additionally, the Department notes that Mr. Rauenhorst's assertion that the Cooperative may attempt to compel arbitration is speculative at this point. The complaint states that the Cooperative "raised the issue of the arbitration provision, which implied that if the matter was not settled, the Cooperative would attempt to force arbitration."¹² The Cooperative has not yet attempted to compel arbitration and, as Mr. Rauenhorst notes, it is unclear whether the dispute even falls within the arbitration provision.¹³

Moreover, pursuant to Minn. Stat. § 216B.164, subd. 11(b), a "party may request mediation only after all attempts to settle the dispute under the cooperative electric association's dispute resolution process have been exhausted." This does not prohibit a cooperative electric association from establishing a dispute-resolution process other than mediation—it provides that mediation is available once any established process is exhausted. The Department acknowledges that binding arbitration could be inconsistent with then allowing a party to seek mediation, but as explained above how the arbitration provision may apply in this case is at this point speculative.

To be clear, the Department agrees that a cooperative electrical association must be in compliance with Minn. Stat. § 216B.164, subd. 11, including the mediation provision, to be exempt from regulation by the Commission. But it is not clear from the complaint that the Cooperative is out of compliance with the required mediation provision. The record indicates that the Cooperative's board sent a determination letter to Mr. Rauenhorst, which is consistent with the process identified in subpart 1 of the Cooperative's dispute-resolution provision adopted pursuant to Minn. Stat. § 216B.164.¹⁴ If the dispute remains unresolved, the provision allows either party to request mediation, which is outlined in subparts 2 and 3 and consistent with Minn. Stat. § 216B.164, subd. 11.¹⁵ The complaint indicates that after the Cooperative's board sent Mr. Rauenhorst its determination letter, Mr. Rauenhorst "served the Cooperative with an action to enforce Minnesota law."¹⁶ The complaint does not indicate whether this action included a request for mediation, or whether the Cooperative refused to engage in mediation.

On this record, the Department concludes that the Cooperative is exempt from regulation by the Commission under Minn. Stat. § 216B.164 because it has adopted a resolution and rules as required by Minn. Stat. § 216B.164, subd. 11. The ultimate dispute here is whether the Cooperative is complying with those rules, and the appropriate pathway to resolve that dispute is through the mediation

¹¹ Complaint Exhibit C at T.

¹² Complaint at 3.

¹³ *Id.*

¹⁴ Complaint Exhibit C at T(1).

¹⁵ Complaint Exhibit C at T(2)-(3).

¹⁶ Complaint at 3.

provision included in the rules and required by Minn. Stat. § 216B.164, subd. 11(b). The Department is extremely concerned by the allegations that the Cooperative is refusing to comply with its own rules and statutory obligations but believes at this stage mediation is the next procedural step to resolve this dispute.

B. REASONABLE GROUNDS TO INVESTIGATE

If the Commission determines that it has jurisdiction over the subject matter of the complaint, the Department recommends that the Commission determine there are reasonable grounds to investigate the complaint. Pursuant to Minnesota Rules 7835.3200 and 7835.3300, as well as Minn. Stat. § 216B.164, subd. 3(d), Mr. Rauenhorst was entitled to elect to be compensated based on the average retail rate because his qualifying facility has a capacity less than 40 kW. The executed contract¹⁷ from November 2024 indicates that Mr. Rauenhorst in fact elected to be compensated using the average retail rate, but the Cooperative's March 2025 letter to Mr. Rauenhorst indicates the Cooperative was unwilling to compensate Mr. Rauenhorst at such a rate and offered a different compensation rate.¹⁸ Based on this record, it appears there are reasonable grounds to investigate the allegations in the complaint that the Cooperative is not paying the prescribed compensation rate.

C. PUBLIC INTEREST

If the Commission determines that it has jurisdiction over the subject matter of the complaint, the Department believes that it is in the public interest for the Commission to investigate the allegations. Minn. Stat. § 216B.164, subd. 1, provides: "This section shall at all times be construed in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public." Because the stated intention of Minn. Stat. § 216B.164 is to encourage cogeneration and small power production, it is in the public interest for the Commission to ensure that utilities compensate the owners of qualifying facilities at a rate that is consistent with Minn. Stat. § 216B.164, the related Minnesota Rules, and the owner's election made pursuant to those authorities.

D. PROCEDURE

The Commission may address a formal complaint through a contested case proceeding, informal proceeding, or expedited proceeding.¹⁹ The Department has not identified any contested material facts that would necessitate a contested case proceeding to resolve. The Department therefore recommends using the process set forth in Minn. R. 7829.1800, which provides the Cooperative with 20 days from the Commission's Order establishing jurisdiction to file a response to the complaint and an additional 20 days for other parties to respond.

¹⁷ Complaint Exhibit B.

¹⁸ Complaint Exhibit D.

¹⁹ Minn. R. 7829.1900, supb. 1

E. OTHER ISSUES

At this time, the Department has not identified any other issues relating to this matter.

IV. DEPARTMENT RECOMMENDATIONS

On this record, the Department does not believe that the Commission has jurisdiction over the subject matter of the complaint. However, if the Commission determines that it has jurisdiction over the subject matter of the complaint, then the Department recommends that the Commission determine that there are reasonable grounds to investigate the complaint and that it would be in the public interest to do so, and that the Commission use an informal or expedited process to address the complaint.

CERTIFICATE OF SERVICE

I, Nicole Westling, 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
Comments**

Docket No. E136/C-26-113

Dated 16th day of **March 2026**

/s/Nicole Westling

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Zachary A.	Alter	zalter@felhaber.com	Felhaber Larson		220 South 6th Street Suite 2200 Minneapolis MN, 55402 United States	Electronic Service		No	C-26-113
2	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	121 7th PI E Ste 350 St. Paul MN, 55101 United States	Electronic Service		Yes	C-26-113
3	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	C-26-113
4	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	C-26-113
5	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	C-26-113
6	Jenny	Glumack	jenny@mrea.org	Minnesota Rural Electric Association		11640 73rd Ave N Maple Grove MN, 55369 United States	Electronic Service		No	C-26-113
7	Hudson	Kingston	hudson@curemn.org			PO Box 712 Ely MN, 55731 United States	Electronic Service		No	C-26-113
8	Darrick	Moe	darrick@mrea.org	Minnesota Rural Electric Association		11640 73rd Ave N Maple Grove MN, 55369 United States	Electronic Service		No	C-26-113
9	DeeAnne	Norris	dnorris@rscpa.coop	Renville-Sibley Cooperative Power Assn		103 Oak Street Box 68 Danube MN, 56230 United States	Electronic Service		No	C-26-113
10	Larry	Rauenhorst				80828 County Rd. 13 Olivia MN, 56277 United States	Paper Service		No	C-26-113
11	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	C-26-113
12	Marc	Snyder	msnyder@rscpa.coop	Renville-Sibley Cooperative Power		515 US Hwy 212 W Danube MN, 56230 United States	Electronic Service		No	C-26-113

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
13	Curtis	Zaun	czaun@mnseia.org	MnSEIA		PO Box 8141 Saint Paul MN, 55108 United States	Electronic Service		No	C-26-113
14	Curtis	Zaun	curtis@cpzlaw.com			3254 Rice Street Little Canada MN, 55126 United States	Electronic Service		No	C-26-113