

McGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

ATTORNEYS AT LAW

WILLIAM R. MCGRANN  
DOUGLAS M. CARNIVAL  
PETER L. COOPER  
KATHLEEN M. LAMB  
JOHN R. SCHULZ  
BRIAN L. SOBOL  
SCOTT B. CROSSMAN

CARLA J. PEDERSEN  
JOSEPH T. BAGNOLI  
ROGER J. STELLJES  
JEFFREY C. URBAN  
KATHLEEN MICHAELA BRENNAN  
CARL S. WOSMEK  
AMY L. COURT

CHRISTY E. LAWRIE  
MATTHEW W. BUCKLEY

OF COUNSEL  
ROBERT O. STRAUGHN

RETIRED  
ANDREW J. SHEA

September 25, 2018

VIA ELECTRONIC FILING

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
350 Metro Square Building  
121 Seventh Place East  
St. Paul, MN 55101

Re: In the Matter of the Joint Request of New Prague Utilities Commission and  
Minnesota Valley Electric Cooperative to Update Electric Service Territory  
Records  
MPUC Docket: \_\_\_\_\_  
Our File No.: 60044-0004

Dear Mr. Wolf:

I represent the New Prague Utilities Commission (the "Municipal"), which is authorized, on behalf of the Municipal and Minnesota Valley Electric Cooperative (the "Cooperative") (collectively, the "Parties") to make this joint filing.

Summary of the Joint Request

This filing constitutes the Parties' joint request under Minn. Stat. § 216B.39, subd. 3, that the MPUC modify the Parties' service territory boundaries. This joint request concerns the transfer of certain areas located within the city limits and within the electric service territory assigned to the Cooperative (the "Affected Areas"), as further described below.

Legal Authorities

By statute, "the commission may on its own or at the request of an electric utility make changes in the boundaries of the assigned service areas, but only after notice and hearing . . ." Minn. Stat. § 216B.39, subd. 3. In addition, "no electric utility shall render or extend electric service at retail within the assigned service area of another electric utility unless the electric utility consents thereto in writing . . ." Minn. Stat. § 216B.40

(2018). In the present case, the Parties seek to adjust the service territory boundaries to permanently transfer the Affected Areas to the Municipal's assigned service territory. The Parties have agreed upon appropriate compensation. The Parties request that the Commission update its official records as to electric service territory boundaries.

#### Underlying Information

1. Exhibit A: Affected Areas. Attached as Exhibit A is a map that depicts the boundaries of the Affected Areas. The Affected Areas are depicted in light blue, with the existing service territory of the Municipal in pink. All Affected Areas are within the city limits (designated as the red border on the map). The Affected Areas involve approximately 700 acres and 750 customers (711 residential and 39 commercial).

The Parties do not have a separate legal description prepared of the Affected Areas, but are willing to provide whatever information is helpful and reasonably requested by MnGeo to facilitate the adjustment in the official maps. Specifically, the Parties have a Shape file of the map attached as Exhibit A.

By written agreement of the Parties, the Municipal provided construction service to one senior living development within the Affected Areas (1100 1<sup>st</sup> Street SE, New Prague, Minnesota, and with a legal description of Lot 3, Block 2, Prague Estates 1<sup>st</sup> Addition) and is currently serving this customer.

#### Customer Notice

The Parties engaged in extensive technical discussions, spanning multiple years, to minimize any disruption to customers, to avoid unnecessary duplication of facilities, and to ensure a smooth transition of electric service.

The Parties mutually determined the optimal transition time of late October or early November of 2018. The Parties have communicated extensively with the customers in the Affected Areas. A sample of the pertinent correspondence is attached as Exhibit B. In addition, multiple updates were provided in newsletters and a dedicated public meeting was held to answer questions and to assure understanding of rates and programs.

The Parties acknowledge that the Commission wishes to direct separate notice to customers as to the pending proceeding before the Commission. Attached as Exhibit C is a proposed notice to be sent to all customers in the Affected Areas.

#### Contact Information

If there are any questions concerning this filing, you may contact the following representatives:

September 25, 2018

Page 3

New Prague Municipal Utilities:

Bruce Reimers  
General Manager  
118 Central Ave. N  
New Prague MN 56071  
Phone: 952-758-4401  
[breimers@ci.new-prague.mn.us](mailto:breimers@ci.new-prague.mn.us)

Minnesota Valley Electric Cooperative:

Ryan Hentges  
General Manager  
125 Minnesota Valley Electric Dr  
Jordan, MN 55352  
Phone: 952-492-8202  
[ryanh@mvec.net](mailto:ryanh@mvec.net)

Counsel:

Kaela Brennan  
McGrann Shea Carnival  
Straughn & Lamb, Chtd.  
800 Nicollet Mall, Suite 2600  
Minneapolis, MN 55402  
Phone: 612-338-2525  
[kmb@mcgrannshea.com](mailto:kmb@mcgrannshea.com)

Request


The Parties therefore petition the Commission to accept and file these documents and provide due acknowledgment thereof. The Parties further request that the Commission provide evidence of its acknowledgment of these changes of service territory boundaries, and the updating of the official service territory records.

Proposed Service List

A copy of this letter and the accompanying documents has been mailed or emailed to the persons on the enclosed proposed service list.

Please contact the representatives above if you have any questions.

Sincerely,

  
Kathleen M. Brennan

Enclosures

cc (w/encl.): Proposed Service List

## PROPOSED SERVICE LIST

Re: In the Matter of the Joint Request of New Prague Utilities Commission and Minnesota Valley Electric Cooperative to Update Electric Service Territory Records

MPUC Docket: \_\_\_\_\_

### Via Electronic Filing

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
350 Metro Square Building  
121 Seventh Place East  
St. Paul, MN 55101

### Via Electronic Filing

Ms. Sharon Ferguson  
MN Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101-2198

### Via Electronic Filing

Commerce Attorneys  
Office of the Attorney General-DOC  
1800 BRM Tower  
445 Minnesota Street  
St. Paul, MN 55101-2134

### Via Electronic Filing

Ian Dobson  
Office of the Attorney General-RUD  
1400 BRM Tower  
445 Minnesota Street  
St. Paul, MN 55101-2130

### Via Electronic Mail

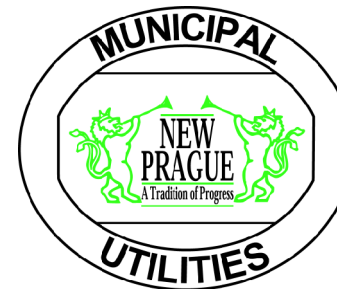
Minnesota Valley Electric Cooperative  
Ryan Hentges  
General Manager  
125 Minnesota Valley Electric Drive  
Jordan, MN 55352  
[ryahn@mvec.net](mailto:ryahn@mvec.net)  
*(Minnesota Valley Electric Cooperative)*

### Via Electronic Mail

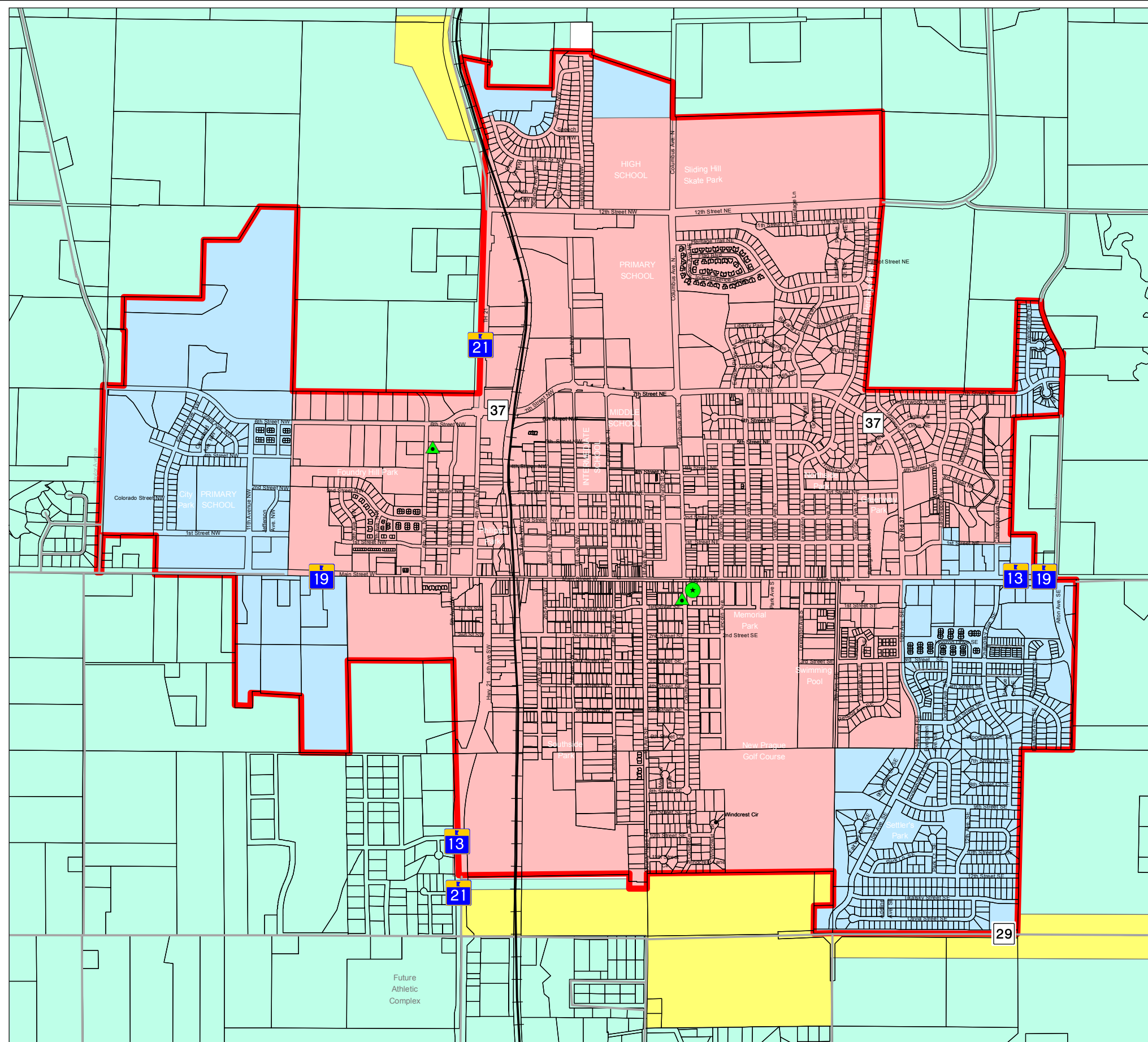
Bruce Reimers  
General Manager  
New Prague Municipal Utilities  
[breimers@ci.new-prague.mn.us](mailto:breimers@ci.new-prague.mn.us)  
*(New Prague Municipal Utilities)*

### Courtesy Copies

Ms. Kathleen M. Brennan  
McGrann Shea Carnival Straughn  
& Lamb, Chartered  
800 Nicollet Mall  
Suite 2600  
Minneapolis, MN 55402-7035  
[kmb@mcgrannshea.com](mailto:kmb@mcgrannshea.com)  
*(New Prague Municipal Utilities)*

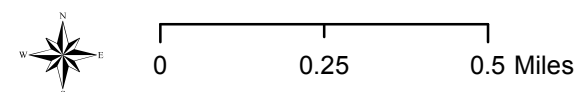


# New Prague Utilities Commission Proposed Electric Service Territory Changes



### Electric Service Territories

- 2018 Service Territory Acquisition Area
- Current Service Territory
- Minnesota Valley Electric Territory
- Xcel Energy Electric Territory
- City Limits
- Railroad



Current to: 2018  
 Prepared by: New Prague Planning Department  
 File: W:\GIS\Projects\Mxds\ElectricServiceAreaMap2018.mxd

Disclaimer: This map does not represent a survey of the land. The Electric Service Territories on this map reflect approved changes through December 1, 2006. Questions regarding interpretation of this map should be directed to the City Planning Department or City Utility Department. This map was prepared using the City's GIS and is based on the County and City Parcel Data maintained by the County and City and Electric Service Territories maintained by NPUC and MVEC. While the City believes that the data is accurate, the City does not warrant that data in the GIS is error free and the City does not represent that the GIS data can be used for purposes such as navigation or any other purposed requiring the exact measurement of distance and direction or the precise depiction of geographic features. This disclaimer is pursuant to Minnesota Statutes 466.03 Subd. 21. The user of this map acknowledges that the City shall not be liable for any damages that may arise from this map or the information it contains.

**EXHIBIT B**

New Prague  
Time News paper  
Notice

# Notice of Open House Forum

Do you have questions regarding the City of New Prague's proposed acquisition of Minnesota Valley Electric Cooperative electric accounts?

Join us for a question and answer session with officials from Minnesota Valley Electric Cooperative and the City of New Prague.

→ When: 6 p.m. Tuesday, April 24

→ Where: The Park Ballroom

300 Lexington Ave South, New Prague

**Quick background:** *New Prague Utilities Commission is interested in purchasing the service area, member accounts and equipment of Minnesota Valley Electric Cooperative (MVEC) within the New Prague City limits. This would impact around 750 current MVEC members. MVEC's Board of Directors did not propose selling MVEC service area; however, according to current state law, municipal utilities can acquire another utility's service area, within its city limits, upon payment of appropriate compensation.*





New Prague Municipal Utilities  
1118 Central Avenue N  
New Prague, MN 56071-1534



Dear Resident,

This year, New Prague Utilities Commission (NPUC) will be expanding its service territory to include customers within the city limits, acquiring approximately 750 Minnesota Valley Electric Cooperative electricity customers. The properties to be transferred are highlighted in blue on the attached map.

Customers being transferred to NPUC can expect the same excellent service they have received in the past, and the same (if not lower) billing rates. Those transferred will also be able to retain their same energy saving programs with off-peak heating and cooling. The NPUC works hard in providing highly-reliable service, including 19 megawatts of local generation for emergency and storm related conditions, virtually eliminating extended outages due to weather or regional transmission outages.

The NPUC has been working cooperatively with MVEC over the past two years to reach a fair agreement that compensates MVEC for its investment in utility infrastructure, while ensuring all city homes and businesses can have a common electric platform. Once finalized, this agreement must be approved by both the NPUC and MVEC Board. Residents will be notified with a letter when existing MVEC customers are officially converted to the NPUC distribution system, which will occur sometime this year.

We respect the quality of service MVEC has provided to its customers in the past and pledge to meet and continue with those same services going forward. We appreciate the neighborly approach MVEC has taken in working with us on drafting an agreement that is beneficial and fair to all.

The attached Q&A provides additional information about this expansion. Any other questions or concerns can be directed to Utilities General Manager Bruce Reimers.

The NPUC looks forward to having you as a customer.

Thank you!

**Bruce Reimers**

General Manager

*New Prague Public Utilities*

(952) 758-1142

breimers@ci.new-prague.mn.us

###



## Utility Service Territory Expansion Frequently Asked Questions

**Q: Why does NPUC want to acquire the MVEC service territory?**

A: New Prague's electric utilities were designed to serve the growing areas of our city and provide backup generation for all residents and businesses. A coordinated electric utility service to serve these needs will be more cost-effective and reduce overall cost to New Prague residents in the future. In addition, New Prague already provides water and sewer utility services to these customers, so adding electric service would put them on the same utility platform as all other city residents and businesses.

**Q: How many MVEC customers will be impacted?**

A: Approximately 750 residential and commercial customers

**Q: Where are these MVEC customers located?**

A: They are located in growing areas of the city, primarily in the southeast and western parts of the city. Please see the attached service territory map – the impacted areas are in blue.

**Q: Why would MVEC agree to give up customers?**

A: Under Minnesota state law, municipal utilities have the right to grow with their cities. In return, they must work with the current electric cooperative or investor-owned utility to fairly compensate the utility for the service territory and electric utility infrastructure that is in place.

**Q: If I'm an existing MVEC customer, will this cause my rates to go up?**

A: No. We anticipate a slight decrease in rates for the customers moving to NPUC. It is NPUC's goal to offer the same energy saving programs at similar rates that are available to current MVEC customers. NPUC customers are also able to receive rebates on energy-efficient appliances, heating and cooling equipment, and LED lighting.

**Q: What other changes will existing MVEC customers experience?**

A: Customers should expect the same quality service they received in the past to continue with NPUC. New customers will receive reliable local service from crews that exclusively serve New Prague residents, the convenience of having local offices, and one unified bill that covers all city services. NPUC's 19 megawatts of local generation is also highly reliable under emergency and storm situations, virtually eliminating extended outages due to weather or regional transmission outages.



**Q: How will this be funded?**

A: We expect to fund the service territory acquisition through current and anticipated financial reserves.

**Q: What is the process to complete the service territory acquisition?**

A: NPUC and MVEC have prepared a ten-year service territory agreement that lays out the terms of the transfer. Impacted customers will be receiving additional information in the mail from the NPUC relating to the proposed transfer of service. In addition, the NPUC will be holding an open house at a later date to answer any questions residents have related to the transfer.

Once customers have been informed of the proposed transfer, the NPUC and the Board of MVEC must vote to approve the transfer. We anticipate these votes will take place in the near future. If approved, the parties will work together to complete the transfer as quickly as possible.

We anticipate this process and the construction required will take approximately six to eight months after the transfer is approved to convert existing MVEC customers to the NPUC distribution system.

**Q: Where can I go for more information?**

A: Please visit the NPUC homepage at [www.ci.new-prague.mn.us/utilities](http://www.ci.new-prague.mn.us/utilities).

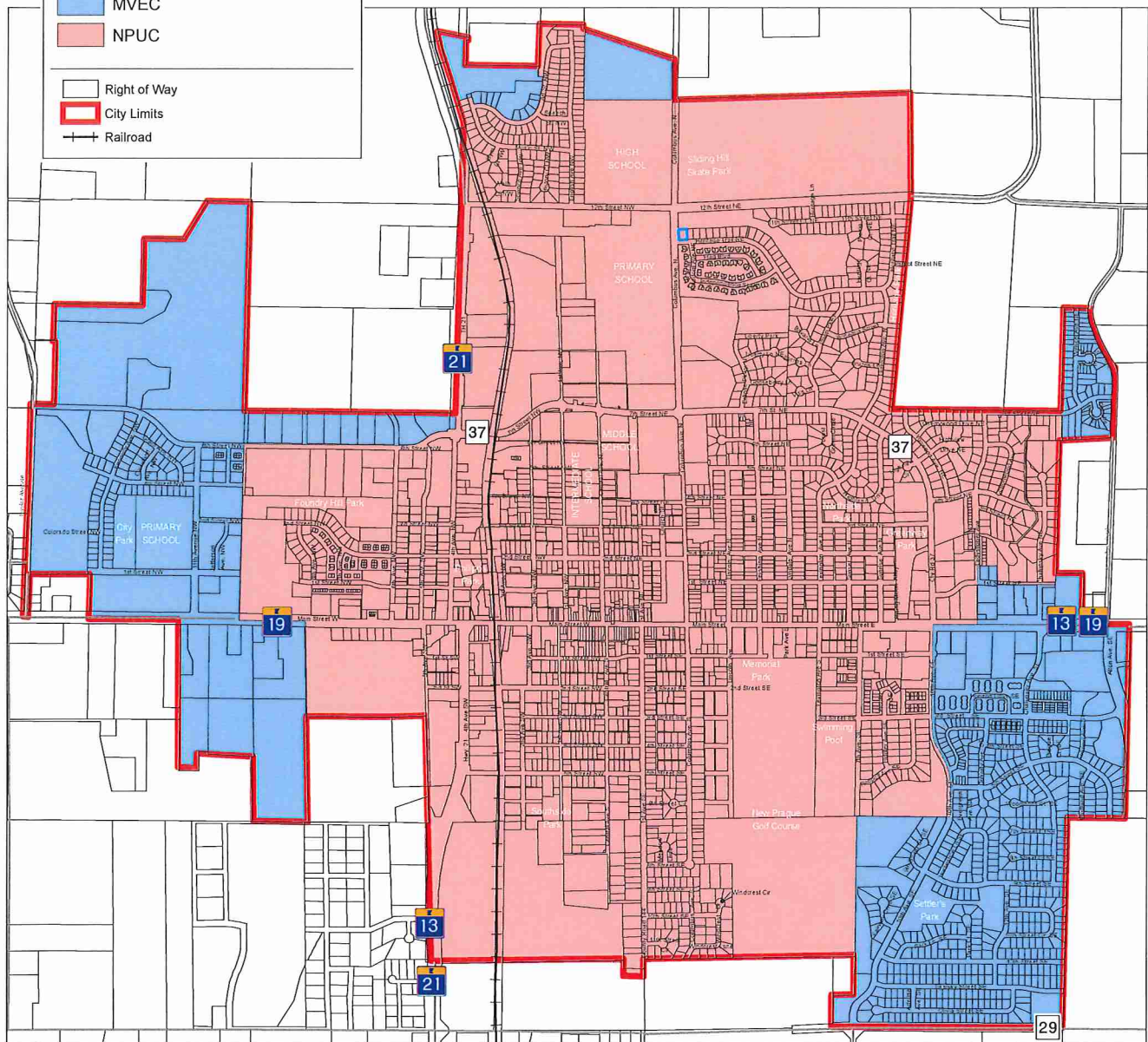
# Utility Service Expansion Map



## Electric Service Territories

- MVEC
- NPUC

- Right of Way
- City Limits
- Railroad



Dear MVEC member-owners,

This letter is to inform you of a potential future change in your electric provider. New Prague Utilities Commission (NPUC) is interested in purchasing the service area (members and equipment) of Minnesota Valley Electric Cooperative (MVEC) that is within the New Prague City limits. This would impact around 750 current members by making NPUC your new provider of electric service.

As an MVEC member, you deserve to know about these discussions and the potential transaction. To date, the purchase has not been approved by either MVEC or NPUC. Both utilities continue to work on an agreement, which could be finalized yet this spring.

It's important for you to know that MVEC's Board of Directors did not propose selling our service area to NPUC. According to state law, municipal utilities can acquire another utility's service area, within its city limits, upon payment of appropriate compensation.

MVEC and NPUC have worked amicably to determine a purchase price that would be financially reasonable to both parties. This would result in NPUC paying MVEC for its current infrastructure and additional monies over the next ten years to compensate the cooperative for lost revenues, from both current and future members.

Both utilities are currently working through the fine details in order to reach an agreement. More detailed information will be provided once the deal is finalized. At this time, we wanted to inform you about how this will impact your electric service.

1. After the acquisition is finalized, your electricity will be provided by NPUC.
2. Your electric rates will change to NPUC's electric rates and your monthly bill will come directly from NPUC.
3. You will contact NPUC for billing questions, outage reporting, and program offerings.

Although NPUC plans to offer similar programs, the following MVEC specific programs/services will no longer be available:

1. Energy Wise programs providing a reduced rate or billing discount
  - a. Cooling (air source/ground source or central air conditioning)
  - b. Electric Water Heating
  - c. Electric resistive heating (garage heater, baseboard, plenum, boiler, etc.)
  - d. WiFi Thermostats
  - e. Electric vehicles
  - f. Business onsite generator programs
2. Beat the Peak Energy Challenge
3. Operation Round Up
4. SmartHub online and app services (viewing data usage, making free online payments)
5. Co-op Connections Card
6. While Capital Credits will be paid to past members over time, accumulation of Capital Credit earnings will end
7. High school Scholarship and Youth Tour program eligibility



Again, we want to be clear that MVEC's Board of Directors did not propose selling our service area to NPUC. According to state law, municipal utilities can acquire another utility's service area, within its city limits, upon payment of appropriate compensation. Given this, the cooperative's goal is to make any transition as smooth as possible for our member-owners.

The NPUC fully understands the great service MVEC has provided to its customers in the past and pledges to meet and continue with the same high standards going forward. NPUC will continue to work hard to make this transition as smooth as possible for its new customers in the coming months. Please look for a detailed mailed letter from the NPUC for more information on the transition within the next few days.

If you have questions or comments, please contact the following:

Bruce Reimers, General Manager, New Prague Public Utilities (NPUC)  
Phone and email address

Ryan Hentges, General Manager, Minnesota Valley Electric Cooperative (MVEC)  
952.492.8202 | ryanh@mvec.net

April 16, 2018

NAME  
ADDRESS

Dear NAME:

You recently received communications from both Minnesota Valley Electric Cooperative (MVEC) and New Prague Utilities Commission (NPUC) regarding a potential acquisition of 750 current MVEC member-owners.

### **MVEC and NPUC invites you to attend an Open House Forum:**

- **Date:** Tuesday, April 24, 2018
- **Where:** New Prague Park Ballroom – Club Room
- **Time:** 6:00 pm

This forum is a great opportunity for you to ask questions and receive answers from officials of both MVEC and NPUC regarding the proposed acquisition. An advertisement for this event will also appear this week in the *New Prague Times* and *Times Extra*.

To plan for this event, please:

1. **RSVP to [info@mvec.net](mailto:info@mvec.net) by Monday, April 23, 2018**
2. **Put "Open House" in the subject line and identify the number of people attending**

For those unable to attend, a video from the open house will be available at <https://www.youtube.com/user/MinnValleyElectric> by the end of day, April 25.

If you have questions please contact either of us, and we look forward to seeing you April 24.

Thank you,  
Bruce Reimers, General Manager, New Prague Utilities Commission (NPUC)  
952.758.1142 | [breimers@ci.new-prague.mn.us](mailto:breimers@ci.new-prague.mn.us)

Ryan Hentges, General Manager, Minnesota Valley Electric Cooperative (MVEC)  
952.492.8202 | [ryanh@mvec.net](mailto:ryanh@mvec.net)



**Quick background:** NPUC is interested in purchasing the service area, member accounts and equipment of MVEC within the New Prague City limits. This would impact around 750 current MVEC members. MVEC's Board of Directors did not propose selling MVEC service area; however, according to current state law, municipal utilities can acquire another utility's service area, within its city limits, upon payment of appropriate compensation.





# New Prague Utilities Commission

In the Counties of Scott & Le Sueur

118 CENTRAL AVENUE NORTH · NEW PRAGUE, MINNESOTA 56071 · PHONE (952) 758-4401  
www.ci.new-prague.mn.us · FAX (952) 758-1149

**Bruce Reimers**  
General Manager

Dear Future NPUC Customer,

The New Prague Utilities Commission (NPUC) would like to share with you the process that will take place as we become your new electric utility provider.

Construction of the new distribution lines connecting the NPUC distribution system to the MVEC system is almost complete and will be ready for the switchover later this fall. NPUC is coordinating with MVEC to assure that each customer will be informed of what to expect ahead of the switchover. We plan to send out a letter approximately one week before the switchover with additional information. We also plan to place a hanger on your door the day before the switchover.

In the meantime, as part of its regulatory process, the Minnesota Public Utilities Commission requires that the NPUC send a letter to each affected customer as to the change in electric service territory boundaries. You will receive this separate letter in a couple of days. No response is necessary, but if you have questions or comments, please feel free to contact myself or the Minnesota Public Utilities Commission.

The NPUC would like to thank you in advance for your cooperation and patience as we begin this transition. We look forward to serving you.

Thank you,

**Bruce Reimers**

General Manager

*New Prague Municipal Utilities*

(952) 758-1142

breimers@ci.new-prague.mn.us



# *New Prague Utilities Commission*

In the Counties of Scott & Le Sueur

118 CENTRAL AVENUE NORTH · NEW PRAGUE, MINNESOTA 56071 · PHONE (952) 758-4401  
[www.ci.new-prague.mn.us](http://www.ci.new-prague.mn.us) · FAX (952) 758-1149

**Bruce Reimers**  
General Manager

September \_\_, 2018

Re: Notice of Minnesota Public Utilities Commission Proceeding  
MPUC Docket No: \_\_\_\_\_

Dear Customer:

As you know, New Prague Municipal Utilities has reached an agreement with Minnesota Valley Electric Cooperative in which New Prague will permanently provide electric service to certain customers within the city. Further information concerning the specific details of the transition and timing will be sent to you separately.

In the meantime, the utilities are in the process of formally updating the electric service maps on file with the Minnesota Public Utilities Commission (MPUC) to reflect the change in assigned electric service territory. This letter provides information concerning that MPUC proceeding.

The MPUC is a state agency with jurisdiction over electric service territory boundaries. The MPUC requires that all customers located in an area involved in a change in the service territory maps be formally notified of the proceeding in which the service territory maps will be approved. This letter provides that formal notice.

If you wish to address the MPUC concerning this change in maps, you may contact the MPUC Consumer Affairs Office at: 121 Seventh Place E., Suite 350, Saint Paul, Minnesota 55101, [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us), or call 651-296-0406. You should reference MPUC Docket No. \_\_\_\_\_. It is completely optional and voluntary to contact the MPUC.

New Prague Municipal Utilities values your business and will continue to strive to provide the highest quality service. Please contact me if you have any questions.

Respectfully,

Bruce Reimers  
General Manager

**EXHIBIT C**