

August 14, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E229, E147/SA-18-493

Dear Mr. Wolf:

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

The Joint Request of Detroit Lakes Public Utilities and Wild Rice Electric Cooperative for approval of a Service Territory Transfer Agreement between the two utilities.

The petition was filed July 20, 2018 by:

Kaela Brennan
McGrann Shea Carnival
Straughn & Lamb, Chtd.
800 Nicollet Mall, Suite 2600
Minneapolis, MN 55402

and

Steve Haaven, CEO
Wild Rice Electric Cooperative
502 North Main
Mahnomen, MN 56557

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The Department recommends that the Minnesota Public Utilities Commission (Commission) approve the permanent service territory transfer from Wild Rice Electric Cooperative to Detroit Lakes Public Utilities, and is available to answer any questions the Commission may have.

Sincerely,

/s/ DALE V. LUSTI
Financial Analyst

DVL/jl
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E229, E147/SA-18-493

I. BACKGROUND

Detroit Lakes Public Utilities is an electric municipal utility organized and existing under the laws of the State of Minnesota. Wild Rice Electric Cooperative is an electric distribution cooperative organized and existing under the laws of the State of Minnesota.

II. SUMMARY OF PROPOSAL

On July 20, 2018, Detroit Lakes Public Utilities (the Municipal) and Wild Rice Electric Cooperative (the Cooperative), collectively the Parties, jointly filed a petition under Minnesota Statutes Sections 216B.39 and 216B.40, asking the Minnesota Public Utilities Commission (Commission) to modify the Parties' service territory boundaries. This joint request concerns the permanent transfer of two areas (Long Lake Area III and Long lake Area IV) as described below, within the city limits of the Municipal and within the assigned service territory of the Cooperative.

Approval of the Parties' request would permanently transfer the Affected Areas from the Cooperative to the Municipal.

III. DEPARTMENT ANALYSIS

A. *TRANSFER OF THE AFFECTED AREA FROM THE COOPERATIVE TO THE MUNICIPAL*

Exhibit A to the Petition is a map that depicts the boundaries of the Transfer Areas. Exhibit B to the Petition contains the legal description for the Transfer Areas as follows:

Long Lake Area III (2018 Projected timing)

That portion of Sections 19, 29 and 30 of Township 134 North, Range 41 West of the Fifth Principal Meridian described as follows:

All that portion of the east half of said Section 19 lying southerly of the U.S. Highway 10 right of way line;

And

All that portion of Government Lots Three and Four of said Section 30 lying southerly of the U.S. Highway 10 right of way line;

And

All that portion of the Northwest Quarter of said Section 29 lying southerly of the U.S. Highway 10 right of way line not already included in the Long Lake legal description number one. Said tract contains 129 acres.

Long Lake Area IV (2020, 2022 Projected timing)

That portion of Sections 29, 30, 31 and 32 of Township 139 North, Range 41 West of the Fifth Principal Meridian described as follows:

Beginning at that point in Government Lot 7 of Section 31 which is the point of intersection of the westerly extension of the north line of Government Lot 9 of Section 32 with the shore of Long Lake; thence East on the extension of the north line of said Government Lot 9 to the west line of Section 32; thence North on the west line of Section 32 of the Southwest Corner of Section 29; thence North on the west line of Section 29 to the south line of Cherry Hill Drive according to the plat of Cherry Hill Beach on file at the office of the Becker County Recorder; thence westerly on the south line of Cherry Hill Drive to the intersection with the west line of Government Lot 1 of Section 30; thence North on the west line of said Government Lot 1 to the point of Intersection with the following described line:

Commencing at the North Quarter corner of Section 30, Township 139 North, Range 41 West; thence South 01 degree 16 minutes West on an assumed bearing along the north-south quarter line of said Section 30 1915.93 feet to the point of beginning of the line described herein; thence South 73 degrees 26

minutes East to the point intersection with the west line of Government Lot 1 and there terminating.

Thence North 73 degrees 26 minutes West along the above described line to the north-south quarter line of Section 30; thence North on the north-south quarter line of Section 30 to the South line of Government Lot 4 of Section 30; thence East on the south line of said Government Lot 4 to the shore of Long Lake; thence southerly along the shoreline of Long Lake to the point of beginning and there terminating.

Said tract containing 249 acres more or less.

Per the Minnesota Department of Commerce, Division of Energy Resources' (Department) telephone conversation with the Municipal's attorney on August 2, 2018 and confirmed in an August 6, 2018 e-mail (See Attachment A to the Department's *Comments*), the Long Lake Area III and Long Lake Area IV annexations occurred during the years 2012 and 2015 respectively.

The two Transfer Areas encompass a total of 378 acres and currently have approximately 75 residential and 20 small commercial customers. According to the Petition, the Parties agree that the Cooperative will continue to serve the Transfer Areas on a service-by-exception basis until the Parties have arranged the transfer of electric service.

B. CUSTOMER NOTICE

On August 6, 2018, the Municipal's attorney provided that Department with a one-page proposed Customer Notice Letter (See Attachment B to the Department's *Comments*) relating to the transfer of electric service territory from Wild Rice Electric Cooperative to Detroit Lakes Public Utilities, that will be provided to customers in the Affected Area. The notice identifies the pending proceeding before the Commission regarding the process of formally updating the service area maps to reflect the Municipal as the service provider to the Affected Area.

C. COMPENSATION

The Department notes that the Parties have agreed on appropriate compensation.

Thus, the Department agrees that the Parties' request to establish the Affected Areas as part of the Municipal's service area is consistent with Minnesota Statutes 216B.39 and 216B.40.

IV. RECOMMENDATION

The Department recommends that the Commission approve the requested service territory transfer from Wild Rice Electric Cooperative to Detroit Lakes Public Utilities. MnGeo should update the Commission's maps to reflect the service area designations as shown on the map in the Petition.

/jl

Lusti, Dale (COMM)

From: Kathleen M. Brennan <KMB@mcgrannshea.com>
Sent: Monday, August 06, 2018 10:25 AM
To: Lusti, Dale (COMM)
Cc: Vernell Roberts
Subject: RE: E229, E147/SA-18-493
Attachments: Draft Customer Notice Letter - MPUC Proceeding (1087360).docx

Dale,
Thank you for following up on this matter. I have provided the answers to each question below (in blue). Please let me know if you'd like to discuss any of these issues further.

I hope that you are enjoying your summer.

Thank you,
Kaela

Kaela Brennan
Attorney
McGrann Shea Carnival
Straughn & Lamb, Chartered
800 Nicollet Mall, suite 2600
Minneapolis, MN 55402-7035
Tel: 612-338-2525
Fax: 612-339-2386
kmb@mcgrannshea.com

From: Lusti, Dale (COMM) <dale.lusti@state.mn.us>
Sent: Friday, August 3, 2018 2:19 PM
To: Kathleen M. Brennan <KMB@mcgrannshea.com>
Subject: E229, E147/SA-18-493

Kaela:

Before I submit the Department's *Comments* to the Minnesota Public Utilities Commission (Commission), would you please confirm the following:

- Long Lake Area III was annexed into the City of Detroit Lakes in 2012; Yes
- Long Lake Area IV was annexed into the City of Detroit Lakes in 2015; Yes
- The City of Detroit Lakes is currently building facilities to serve the Transfer Areas. While the City anticipates serving customers in Long Lake Area III later in the year 2018, the City does not anticipate serving customers in Long lake Area IV until the years 2020 and 2022; and Yes
- Since the Commission prefers to see a copy of the Proposed Customer Notice prior to making its decision in the proceeding, please provide a copy of the Customer Notice. I attach a copy of the proposed customer notice. (Please note that the "year" blank will be completed with the appropriate anticipated date.) My client is sending the letter to customers this week, and we will file a signed document with the e-filing. Please let me know if you have any questions.

Thank you,

Dale

[[Utility Letterhead]]

Re: Notice of Minnesota Public Utilities Commission Proceeding
MPUC Docket No: E229, E147/SA-18-493.

Dear Customer:

As you may know, Detroit Lakes Public Utilities has reached an agreement with Wild Rice Electric Cooperative in which DLPU will provide electric service to certain customers within the City of Detroit Lakes, including your property. The timing of any transfer of electric service will be spelled out in greater detail as we get closer to that date. We currently project the transfer to occur in YEAR. Both utilities seek to make a smooth transition, with minimal disruption to customers.

In the meantime, to reflect the change in assigned electric service territory, the utilities have sought to update the maps on file with the Minnesota Public Utilities Commission (MPUC). The MPUC is a state agency with jurisdiction over electric service territory boundaries. The MPUC requires notice to customers located in an area involved in a change in the service territory maps. This letter provides that formal notice.

If you wish to address the MPUC concerning this change in maps, to seek additional information, to raise any concerns, or to file a complaint, you may contact the MPUC Consumer Affairs Office at: 121 Seventh Place E., Suite 350, Saint Paul, Minnesota 55101, consumer.puc@state.mn.us, or call 651-296-0406. You should reference MPUC Docket No. E229, E147/SA-18-493. It is completely optional and voluntary to contact the MPUC.

If you have any questions or concerns or wish to contact either of the utilities, the contact information is as follows:

Vernell Roberts
Detroit Lakes Public Utilities
(218) 847-7609
vroberts@cityofdetroitlakes.com

Steve Haaven
Wild Rice Electric Cooperative
(218) 935-2517
shaaven@minnkota.com

Detroit Lakes Public Utilities values your business and wishes to provide the highest quality service. We look forward to serving your electric needs.

Sincerely,

Vernell Roberts
General Manager