

August 6, 2013

VIA ELECTRONIC FILING

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

RE: Efficiency Ratio Determination & Certification per Minn. Stat. 272.0211
subd. 1 for Hometown Bioenergy Generating Facility
Docket No. ET6133/TX-13-575

Dear Dr. Haar,

On May 8, 2013, in accordance with Minn. Stat. § 272.0211, Hometown BioEnergy, LLC (HTBE) submitted an application to the Minnesota Department of Revenue for the Sliding Scale Market Value Exclusion for Electric Power Generation Efficiency (Application) for its biogas facility located in Le Sueur, Minnesota (Facility). The Facility will use agricultural and food processing waste to create electricity, liquid soil amendment and solid fuel. A copy of HTBE's Application was filed in the above captioned docket on July 23, 2013.

HTBE is a member-managed Minnesota liability company and subsidiary of Minnesota Renewable Energy, LLC. Minnesota Renewable Energy, LLC is a member-managed Minnesota limited liability company and subsidiary of the Minnesota Municipal Power Agency (MMPA). MMPA is a municipal power agency and Minnesota municipal corporation organized pursuant to Minn. Stat. §§ 453.51 *et seq.* MMPA consists of twelve member Minnesota municipal distribution utilities: City of Anoka, City of Arlington, City of Brownton, City of Buffalo, City of Chaska, City of East Grand Forks, City of Elk River, City of Le Sueur, City of North St. Paul, City of Olivia, City of Shakopee, and the City of Winthrop. MMPA provides requirements wholesale power and energy to its member distribution utilities, who in turn serve about 60,000 commercial and residential end-use customers in Minnesota.¹

HTBE will own the Facility and the energy output from the Facility will be used to supply electricity to MMPA's municipal members. The electric power will not be offered for resale to retail customers located outside of MMPA's members' service areas. This Facility is exempt from a certificate of need under Minn. Stat. § 216B.243 subd. 8(1) since the Facility is a small power production.

¹ Elk River Municipal Utilities will begin buying its wholesale power requirements from MMPA on October 1, 2018.

Pursuant to Minn. Stat. § 272.0211 subd. 1, upon receipt of the Application, the Commissioner of Revenue shall request the Commissioner of Commerce make a determination of the efficiency of the applicant's electric power generation facility. The Commissioner of Commerce shall certify the findings of the efficiency determination to the applicant and the Commissioner of Revenue. The Department of Commerce has not yet made a determination of the efficiency of the Facility.

Minn. Stat. § 272.0211 subd. 4 sets forth the criteria for eligibility for the market value exclusion for electric power generation efficiency, which states:

An owner or operator of a new or existing electric power generation facility who offers electric power generated by the facility for sale is eligible for an exclusion under this section only if:

- (1) the owner or operator has received a certificate of need under section 216B.243, if required under that section;
- (2) the public utilities commission finds that an agreement exists or a good faith offer has been made to sell the majority of the net power generated by the facility to an electric utility which has a demonstrated need for the power. A right of first refusal satisfies the good faith offer requirement. The commission shall have 90 days from the date the commission receives notice of the application under subdivision 1 to make this determination; and
- (3) the electric utility has agreed in advance not to offer the electric power for resale to a retail customer located outside of the utility's assigned service area, or, if the utility is a generation and transmission cooperative electric association, the assigned service area of the members, unless otherwise permitted by law.

As discussed in detail below, HTBE satisfies the criteria for eligibility because: (1) a certificate of need is not required under Minn. Stat. § 216B.243; (2) HTBE, owner of the Facility, will sell the energy output to MMPA who, in turn, will use the energy output to supply electricity to MMPA's municipal members; and (3) MMPA will not offer the electric power for resale to retail customers located outside of MMPA's members' service territories.

A certificate of need is not required for a small power production facility.² Minn. Stat. § 216B.243 subd. 8(1). The Federal Power Act, 16 U.S.C. § 796(17)(A) (2012) defines a small power production facility to mean:

² See also Minn. Stat. § 216B.243 subd. 2 requiring a certificate of need for large energy facilities, which are defined to include an electric power generating plant with a capacity of 50 megawatts or more. The

a facility which is an eligible solar, wind, waste, or geothermal facility, or a facility which—
(i) produces electric energy solely by the use, as a primary energy source, of biomass, waste, renewable resources, geothermal resources, or any combination thereof; and
(ii) has a power production capacity which, together with any other facilities located at the same site (as determined by the Commission), is not greater than 80 megawatts;

The Facility is a small power production facility because it will generate electrical energy primarily from agricultural and food processing waste (from vegetable processing plants, in particular) and its total power production capacity is eight (8) megawatts. There are no other facilities located at the same site. Since the Facility is a small power production facility, a certificate of need is not required.

HTBE has executed a purchase power agreement with MMPA for MMPA to purchase the entire output from the Facility. The Facility output will be used by MMPA to provide requirements wholesale power and energy to its member utilities pursuant to long-term power sales agreements. MMPA's members will, in turn, sell the power to their commercial and residential end-users within their respective service territories.³ HTBE, MMPA and the City of Le Sueur Municipal Electric Utility (Municipal Utility) have executed a Generation System Interconnection Agreement, which permits the Facility to interconnect with the Municipal Utility's distribution system.

HTBE respectfully requests that the Commission find, within the statutorily prescribed time period, that HTBE has met the criteria under Minn. Stat. § 272.0211 subd. 4 for eligibility for the personal property tax exemption for the Facility.

Respectfully Submitted,
Avant Energy, Inc.
Agent for HTBE and MMPA

/s/ Bethany Pribila
Bethany Pribila

cc: Official service list

HTBE Facility will have a total power production capacity of eight (8) megawatts and, therefore, is not a large energy facility.

³ MMPA makes sales for resale and does not make sales to retail customers. MMPA does not have a service area, but its municipal distribution members who make retail sales do have service areas.

CERTIFICATE OF SERVICE

I, Bethany Pribila, hereby certify that I have this day served copies of the foregoing on the attached list of persons by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota, and by electronic filing.

Dated this 6th day of August, 2013.

/s/ Bethany Pribila
Bethany Pribila

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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes
Kelsey	Dahlen	kelsey.dahlen@avantenergy.com	Avant Energy Inc	200 S 6th St Ste 300 Minneapolis, MN 55402	Paper Service	No
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes
Stephanie	Jennejohn	N/A	MN Municipal Power Agency	200 S 6th St Ste 300 Minneapolis, MN 55402	Paper Service	No
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes
Bethany	Pribila	Bethany.Pribila@AvantEnergy.com	Avant Energy, Inc.	200 South Sixth Street, Suite 300 Minneapolis, MN 55402	Paper Service	No
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