



**Minnesota Valley Cooperative
Light & Power Association**
501 South 1st Street P.O. Box 248 Montevideo, MN 56265

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May 26, 2016

To: Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 7th Place East
St. Paul, MN 55101-2147

From: Robert Walsh
Member Services Manager
Minnesota Valley Cooperative Light & Power Association
501 South 1st Street
P.O. Box 248
Montevideo, MN 56265
bwalsh@mnvalleyrec.com

Re: **Minnesota Valley Cooperative Light & Power Association's Response to the Request for Information, PUC Docket Number: E123/CG-16-241**

Dear Mr. Wolf:

Minnesota Valley Cooperative Light & Power Association ("Minnesota Valley" or the "Cooperative") is responding to the Public Utility Commission's request for information dated 5/19/2016.

Response to Requests #1 & #2

The charges on the Minnesota Valley bill sent to Larry Fagen does in fact have a line item to meet the minimum transformer fees that have been in place previously for all members on the Cooperative's - Schedule A Single Phase Service Rate (copy attached). This transformer minimum charge has been in place since before Minn. Stat. 216B.164 was originally adopted.

The transformer minimum charge was implemented by Minnesota Valley in the 1970's when services such as grain drying and irrigation became commonplace on the Minnesota Valley system which required large transformers for low annual energy use services. For instance, the high energy demand dryer service would only be used for a few weeks a year and remain idle the remainder of the year, which would not allow Minnesota Valley to recover the true annual cost of this service through the energy it sold to this member. The cooperative, however, is required to pay for the depreciation, interest, taxes, insurance, operation, and maintenance each month for this high capacity service. The

transformer minimum charge allows the cooperative to collect those costs for installations that do not provide enough energy use per month to pay for the fixed costs of this service.

Please keep in mind that the transformer charge is a “minimum” charge in that, if the member purchases sufficient energy from the Cooperative to cover the transformer cost, there will be no additional transformer charge, only the Availability Charge and energy cost per kWh.

There are costs in making electric service “available” to Minnesota Valley’s members that are fixed and don’t vary depending on the size of the single phase customer or the energy that they use. These costs include fixed overhead and accounting cost. The fixed cost per member, based on Minnesota Valley’s last Cost of Service Study completed in 2012 was about \$49 per month per single phase customer. Part of this cost is recovered through an Availability Charge of \$20 per month. The other part of this cost is recovered as part of the energy purchased from the Cooperative, or the Transformer Minimum Charge if such energy purchases are insufficient to recover the fixed cost.

Minnesota Valley’s base rate applies to all residential single phase consumers and includes a transformer minimum of up to and including a 10 KVA transformer. All consumers are then charged \$1.50 per KVA for those in excess of the initial 10 KVA. Therefore, the Fagens are charged a \$20 base rate and \$22.50 (15 X \$1.50) for the excess KVA for the 25 KVA transformer on site (25 – 10 = 15 KVA). They previously had a 37.5 KVA transformer, which was reduced to a 25 KVA. They are not able to reduce the transformer size any lower due to the fact that their previous peak KW demand during the past 12 months was 23.25 KW in January of 2016.

Response to Request #3

The Fagen service has a general usage meter and also an electric heat meter. This electric heat meter is at a reduced Dual Heat Rate. The percentage contributed by Minnesota Valley is a formula that takes the total kWhs supplied by Minnesota Valley to the site, adds the total kWhs generated by the Fagen’s and then subtracts the total kWhs supplied back on Minnesota Valley’s line to come up with the total kWhs used on the Fagen’s site for their own usage. The kWhs that were supplied by Minnesota Valley are then divided by the total used onsite to come up with the percentage that Minnesota Valley contributed to their onsite usage. This percentage is then applied to the total kWhs of electric heat to determine what amount of kWhs are eligible for the discounted heat rate.

Example

Minnesota Valley kWhs contributed	= 4,000
Renewable kWhs contributed	= 2,000
kWhs generated back online	= 1,000
Heat rate kWhs used	= 1,000

$(4000 + 2000) - 1000 = 5,000$ kWhs used onsite $4000/5000 = 80\%$

80% of 1000 kWhs (800) of electric heat are eligible for the discounted Dual Heat Rate

We feel this response should be helpful in explaining the Minnesota Valley billing questions,

Sincerely



Robert Walsh

Member Services Manager

Enclosures

Minnesota Valley Cooperative
Light and Power Association
501 South First Street
Montevideo, MN 56265

Effective Date: January 1, 2013Sheet No. 1

SCHEDULE A SINGLE-PHASE SERVICE

Availability

Available to all Consumers, excluding irrigation, for all uses subject to the established rules and regulations of the Cooperative.

Character of Service

Single-phase, 60 Hertz, at available secondary voltage.

Monthly Rate

Availability Charge:	\$20.00 per month
Energy Charge:	
First 700 kWh per month	\$0.1163 per kWh
Over 700 kWh per month	\$0.0974 per kWh

Minimum Monthly Charge

The Minimum Monthly Charge under the above rates will be the Availability Charge plus \$1.50 for each kVA of installed transformer capacity in excess of 10 kVA. Payment of the Minimum Monthly Charge shall entitle the Consumer to the use of kilowatt hours corresponding to the foregoing rates.

Services of Limited or Uncertain Duration

When it is determined that a new service will have a limited or uncertain duration, such service will be rendered only after the following conditions are met:

1. The Consumer will give satisfactory assurance by means of written agreement as to the character, amount, and duration of the business offered.
2. The Consumer shall guarantee a minimum monthly bill for the service which will be computed on the basis of 1/60th of the investment, which includes all costs of additions to or alterations of lines and equipment necessary to make the service available, except transformer and meters. Minimum charges for service shall be based on investment only when the results in minimum charges are greater than those based on the kVA of installed transformer capacity.
3. This minimum bill will be effective for a period of five (5) years from the date on which service commences. After this period, the regular monthly minimum charge will be effective.

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Effective Date: January 1, 2013

Sheet No. 2

SCHEDULE A
SINGLE-PHASE SERVICE
(Continued)

Services Requiring Extraordinary Investments

When a new or an existing service requires extraordinary facilities not generally provided for other Consumers, such facilities will be provided when the Consumer agrees, in writing, to pay the costs incurred to provide the extraordinary facilities.

Terms of Payment

Monthly electric energy bills are due on the 25th of each month and will be considered delinquent if paid or postmarked after the 1st of the following month. If the 1st is a Saturday, Sunday, or legal holiday, bills will be considered delinquent if paid or postmarked after the next working day.

Delinquent accounts will be charged a late penalty of 1.5% of any unpaid balance.



Minnesota Valley Cooperative
Light and Power Association
PO Box 248
Montevideo, MN 56265

Website: www.mnvalleyrec.com

Daytime Phone #:
Evening Phone #:

Member #	Billing Date	Location #
16212.002	05/06/16	B4-18-03A

Due Date

05/25/16

Total Due

** Auto-Pay **

Bills remaining unpaid after the due date will be charged a 1.5% penalty on next month's statement.

Please return this portion with your payment. THANK YOU.

Member #	Name	Location #	Due Date	Billing Date
16212.002		B4-18-03A	05/25/16	05/06/16

Electricity usage this billing period

Meter Readings			
Present	Previous	Mult	kWh Used
2971	2971	40	0
Demand Reading		.188	
Actual Demand		7.520	

Account Activity

Previous Balance		42.50
Payment Received	04/27/16	42.50-
Balance Forward		.00
Base Charge		20.00
Charge to meet minimum		22.50
TOTAL DUE ON 05/25/16		42.50

Payment will be made on the 27th by your pre-authorized direct payment plan.

Billing History for Past 12 Months

Month	Demand	kWh
April 2015		
May 2015	8.00	80
June 2015	9.52	
July 2015		
August 2015	.52	
September 2015	1.52	40
October 2015	46.52	7,320
November 2015	14.00	2,720
December 2015	13.00	480
January 2016	11.00	240
February 2016	2.00	120
March 2016	1.52	120
April 2016	7.52	



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A Message from Minnesota Valley R.E.C.

WE WISH YOU A SAFE AND HAPPY
MEMORIAL WEEKEND!

**Remember this
Location # when
reporting an outage**

Your Location #

B4-18-03A