

September 22, 2014

Burl W. Haar  
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. E249, E147/SA-14-708

Dear Dr. Haar:

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

The Joint Request of the Hawley Public Utilities Commission (Hawley) and Wild Rice Electric Cooperative (Wild Rice) for approval to Modify Electric Service Territory Boundaries.

The joint request was filed on August 22, 2014 by:

Kathleen M. Brennan  
McGrann Shea Carnival Straughn & Lamb  
800 Nicollet Mall, Suite 2600  
Minneapolis, MN 55402-7035

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** the requested service territory transfer. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ DALE V. LUSTI  
Financial Analyst

DVL/lt  
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES

DOCKET No. E249, E147/SA-14-708

**I. BACKGROUND**

The city of Hawley owns and operates a municipal electric utility service by which it provides electric service to its customers within its assigned service territory in Clay County, Minnesota.

Wild Rice Electric Cooperative is an electric distribution cooperative providing electric service to its approximately 13,500 Minnesota customers within its service territory which includes portions of Clay County, Minnesota adjoining the electric service territory of Hawley and which specifically includes the east 77.56 feet of Lot 7 and all of Lot 8, Gloryland Subdivision, Clay County, Minnesota.

**II. SUMMARY OF PROPOSAL**

On August 22, 2014, the Hawley Public Utilities Commission (Hawley) and Wild Rice Electric Cooperative (Wild Rice), (jointly, Parties) jointly filed a letter requesting that the Commission modify the Parties' service territory boundaries, due to the request of the property owner that the property owner's 2-acre parcel be annexed into the city limits (the Affected Area) in order for the customer to receive sewer, water and utilities that can be offered by the City of Hawley. Under the joint request, the Affected Area permanently transfers to Hawley's assigned service territory. The letter included the following attachments:

- Exhibit A: A 1-page map and legal description that reflects the Affected Area.
- Exhibit B: An Annexation request.<sup>1</sup>

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<sup>1</sup> The Department notes that on February 11, 2014, the Office of Administrative Hearings approved Ordinance No. 259, which was the Annexation request by the City of Hawley, Minnesota, as identified above.

*Transfer of Service Area from Wild Rice to Hawley*

The Agreement included as Exhibit A to the filing, provides the following legal description of the service territory that is requested to be transferred to Hawley.

The East 77.56 feet of Lot 7 and all of Lot 8, Gloryland Subdivision, Clay County, Minnesota.

One commercial customer currently exists in the area to be transferred from Wild Rice to Hawley. By written agreement of the parties, the customer was provided construction service by Hawley until the customer opened, and is now receiving service by Hawley. Although Hawley is providing service to the customer per the customer's request, the customer is aware that Hawley will provide it with formal notice of this proceeding.

The letter notes that the Parties agreed to compensation for the transfer of the Affected Area, after arms-length negotiations.

**III. DEPARTMENT ANALYSIS**

*1. Service Area Contract Between Utilities*

Minnesota Statutes section 216B.39, subd. (4) states:

... The Commission shall approve a contract if it finds that the contract will eliminate or avoid unnecessary duplication of facilities, will provide adequate electric service to all areas and customers affected, and will promote the efficient and economical use and development of the electric systems of the contracting electric utilities.

According to the Agreement, because the 2-acre property abuts Hawley's west boundary, the transfer of service territory rights will provide the customer with sewer and water services that could only be provided by Hawley, in addition to electric service.

Thus, the Department agrees that the Parties' request to transfer service territory to Hawley is consistent with Minn. Stat. 216B.39, subd. (4).

2. *Compensation*

The Department agrees that the Parties' arms-length negotiation of compensation is reasonable.

**IV. RECOMMENDATION**

The Department recommends that the Commission approve the requested service territory transfer, and that the appropriate map change be made by MNGeo.

/lt

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, 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. E249,147/SA-14-708**

Dated this 22<sup>nd</sup> day of **September 2014**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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	OFF_SL_14-708_SA-14-708
Kathleen M.	Brennan	kmb@mcgrannshea.com	McGrann Shea Carnival	Straughn & Lamb, Chartered 800 Nicollet Mall, Suite 2600 Minneapolis, MN 554027035	Electronic Service	No	OFF_SL_14-708_SA-14-708
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-708_SA-14-708
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-708_SA-14-708
Steven J.	Haaven	shaaven@minnkota.com	Wild Rice Electric Cooperative, Inc.	PO Box 438 502 North Main Mahnomen, MN 56557	Electronic Service	No	OFF_SL_14-708_SA-14-708
Lisa	Jetvig	ljetvig@arvig.net	Hawley Municipal Gas Division	City of Hawley PO Box 69 Hawley, MN 56549	Electronic Service	No	OFF_SL_14-708_SA-14-708
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	OFF_SL_14-708_SA-14-708