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February 18, 2015

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. E243,E106/SA-15-94

Dear Mr. Wolf:

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 Grand Rapids Public Utilities Commission (GRPUC) and Lake Country Power (LCP or the Cooperative), collectively the Parties, to Modify Electric Service Territory Boundaries.

The petition was filed on January 26, 2015 by:

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

The Department recommends that the Minnesota Public Utilities Commission (Commission) approve the requested service territory boundary transfer from LCP to GRPUC, and is available to answer any questions the Commission may have.

Sincerely,

/s/ DALE V. LUSTI
Financial Analyst

DVL/ja
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE DIVISION OF ENERGY RESOURCES

DOCKET No. E243,E106/SA-15-94

I. SUMMARY OF PROPOSAL

On January 26, 2015, the Grand Rapids Public Utilities Commission (GRPUC) and Lake Country Power (LCP or the Cooperative), collectively the Parties, jointly filed a petition under Minn. Stat. 216B.39, subd. 3 asking the Minnesota Public Utilities Commission (Commission) to modify the Parties' service territory boundaries. The request concerns approximately 162.9 acres that have been annexed into the city limits (the Affected Area). The Affected Area is located within the electric service territory assigned to the Cooperative, and includes approximately 42 residential electric meters and 7 dual fuel account meters.

Exhibit A to the Petition is the SERVICE TERRITORY AGREEMENT. Exhibit B is a map of the Affected Area. Exhibit C is a letter providing proof of annexation of the Affected Area. Exhibit D is the Notice to be provided all customers located in the Affected Area.

II. DEPARTMENT ANALYSIS

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

Minnesota Statutes section 216B.44, subd. (a) states:

... whenever a municipality which owns and operates an electric utility (1) extends its corporate boundaries through annexation or consolidation, or (2) determines to extend its service territory within its existing corporate boundaries, the municipality shall thereafter furnish electric service to these areas unless the area is already receiving electric service from an electric utility, in which event, the municipality may purchase the facilities of the electric utility servicing the area.

As described in the Parties' joint petition, the service territory to be transferred by LPC to GRPUC (the Transferred Area) is as follows:

The plat of OAK PARK HEIGHTS, according to the recorded plat thereof in the office of the county recorder, Itasca County, Minnesota, EXCEPT Lot 14, Block 1 of said plat.

AND

The plat of McGUIRE ADDITION TO GRAND RAPIDS. According to the record plat thereof on file and of record in the office of the county recorder, Itasca County, Minnesota, AND the vacated portion of said McGUIRE ADDITION TO GRAND RAPIDS.

AND

The plat of STRADER'S ADDITION TO GRAND RAPIDS, according to the recorded plat thereof, on file and of record in the office of the county recorder, Itasca County, Minnesota.

AND

The plat of SOLDIERS CEMETRY [sic], according to the recorded plat thereof, on file and of record in the office of the county recorder, Itasca County, Minnesota.

AND

The unplatted portion of the Southeast Quarter of the Southeast Quarter, Section 9, Township 55 North, Range 25 West, Itasca County, Minnesota.

AND

The Southwest Quarter of the Southeast Quarter, Section 9, Township 55 North, Range 25 West, Itasca County, Minnesota.

AND

The Northwest Quarter of the Southeast Quarter, Section 9, Township 55 North, Range 25 West, Itasca County, Minnesota.

AND

The Northeast Quarter of the Southeast Quarter, Section 9, Township 55 North, Range 25 West, Itasca County, Minnesota.

AND

The Northwest Quarter of the Southwest Quarter, Section 10,
Township 55 North, Range 25 West, Itasca County, Minnesota.

AND

The Southwest Quarter of the Southwest Quarter, Section 10,
Township 55 North, Range 25 West, Itasca County, Minnesota.

AND

The Northwest Quarter of the Northwest Quarter, Section 15,
Township 55 North, Range 25 West, Itasca County, Minnesota.

B. COMPENSATION

Minnesota Statutes Section 216B.44, subd. (b) states:

The municipality acquiring the facilities shall pay to the electric utility formerly serving the area the appropriate value of its properties within the area In the event the municipality and the electric utility involved are unable to agree as to terms of the payment or exchange, the municipality or the electric utility may file an application with the commission requesting that the commission determine the appropriate terms for the exchange or sale.

The Department notes that the Parties have agreed to the amounts and terms of compensation, which appear to reflect the appropriate value of the properties within the Affected Area.

Thus, the Department agrees that the Parties' request to establish the Affected Area as part of GRPUC's service area is consistent with Minn. Stat. 216B.44, subd. (a) and (b).

III. RECOMMENDATION

The Department recommends that the Commission approve the requested service territory boundary transfer from LCP to GRPUC.

/ja