

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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| Audrey C. Partridge | Commissioner |

Larry Rauenhorst,

Complainant,

v.

FORMAL COMPLAINT

*The Renville Sibley Cooperative Power
Association,*

Respondent.

Larry Rauenhorst (“Complainant” or “Larry”) respectfully files this Complaint against The Renville Sibley Cooperative Power Association (“Respondent” or “Cooperative”), pursuant to sections 216A.05 and 216B.17 of the Minnesota Statutes, and Chapter 7829 of the Minnesota Rules for violations of section 216B.164 of the Minnesota Statutes and sections 7835.3200 and 7835.3300 of the Minnesota Rules.

Larry is a Minnesota farmer. He has been a farmer his entire life. During that time, he and his family members have been involved in many innovations that have helped farmers and advanced the art of farming. As his farming career comes to a close, he knows that farmers will continue to need to take advantage of technological advances to stay competitive and maintain their way of life. To that end, he has installed a solar energy generating facility on his farmland and partnered with the University of Minnesota to study how it can advance the art of farming.

Farmers have always produced necessities that communities rely on to survive and thrive.

In today's society, energy has become more important than ever. Recognizing the importance of energy, the Minnesota Legislature made it clear that the law and policy of the State of Minnesota is to allow all Minnesotans to be small power producers. This is done, in part, by requiring all utilities to compensate small power producers with renewable energy systems that are small, less than 40 kilowatts ("kW's"), at the same rate, referred to as the average retail utility/cooperative energy rate ("average rate"), that the utility is charging the neighbors of the small power producer for the energy that the small power producer is supplying to the distribution system that supplies their neighbors with energy.¹ Larry intentionally designed his behind-the-meter ("BTM") system with the help of an experienced local installer and other professionals to be under the legal threshold that entitled him to receive the same rate, the average rate, that the Cooperative will charge Larry's neighbors for the energy that Larry's system generates. There is no dispute that the capacity of Larry's system is 36 kWac, well under the 40 kW threshold.

The Cooperative's own website,² contract³ and Interconnection Rules⁴ all clearly state that its members are entitled to receive the average rate for the energy they export to the Cooperative's electric system if the member's solar energy generating system is smaller than 40 kW's.

The dispute arose when Larry attempted to interconnect his system to the Cooperative's system and requested that the Cooperative compensate him at the average rate for the net energy his small solar energy generating system, called a Qualifying Facility ("QF") under Minnesota law,⁵ provided to them. As noted above, Minnesota law requires every utility, which includes cooperative electric associations, to pay the average rate if the QF is smaller than 40 kW's. Larry's QF is undisputably less than 40 kW's. Minnesota law does not provide any cooperative electric association

¹ See Minn. Stat. § 216B.164, subd. 3; Minn. R. 7835.3300.

² See Exhibit A, available at <https://rscpa.coop/distributed-generation>.

³ See Exhibit B, Uniform Contract for Cogeneration and Small Power Production Facilities (executed Nov. 27, 2024).

⁴ See Exhibit C, Cogeneration Rules Implementing 216B.164 ("Interconnection Rules").

⁵ See Minn. R. 7835.0100, subp. 19.

with any exception or justification for not complying with the law.

After the Cooperative refused to compensate Larry at the legally required rate, stating, “The spirit of the statute relating to net metering envisions consumers installing DER for the purpose of providing energy for their own homes, own farms or own businesses that would exist regardless of the presence of renewable energy,” he followed the Cooperative’s dispute resolution process and appealed to the Cooperative’s Board of Directors (“Board”). On March 21, 2025, the Board sent Larry a letter denying his request for the Cooperative to comply explicit language of the law and the Cooperative’s Interconnection Rules claiming, without support, that complying with the law would require the Cooperative to increase the rates for all Cooperative members.⁶

However, on March 27, 2025, the Board met and apparently changed its bylaws to require its members to arbitrate any disputes a member has with the Cooperative, except for “disputes or claims relating to the payment for electrical energy and/or other services provided by the Co-op.”⁷ Larry was unaware of this provision until after he served the Cooperative with an action to enforce Minnesota law. After the action was served, the Cooperative’s counsel raised the issue of the arbitration provision, which implied that if the matter was not settled, the Cooperative would attempt to force arbitration instead of allowing a court of law to decide the merits of the case. While this dispute would not appear to fall within the language of the Cooperative’s arbitration provision because it relates to the payment of electrical energy by the Cooperative, if the Cooperative believes that it does, that would have implications for the application of Minn. Stat. § 216B.164, subd. 11, and the Commission’s regulatory authority over the Cooperative regarding Section 216B.164.

The Cooperative’s intentional violation of Minnesota law and their own Interconnection Rules, and subsequent actions that may be attempting to limit the rights of their members to use the

⁶ See Exhibit D, March 21, 2025, Letter to Rauenhorst Denying Appeal.

⁷ See Exhibit E, Articles of Incorporation and By-Laws (effective March 27, 2025)

dispute resolution process mandated by Minn. Stat. § 216B.164, subd. 11, raise serious public interest concerns that should be addressed by the Commission, the Minnesota Department of Commerce (“Commerce”),⁸ and/or Minnesota Attorney General’s Office. Larry simply wants a state authority responsible for enforcing Minnesota’s energy laws to enforce the plain language of Minnesota law because if cooperatives can violate the law with impunity, then the law has no meaning and Minnesotans, including farmers like Larry, will not be able to be utilize a technology that will improve their lives, the lives of their neighbors, and the lives of every Minnesotan.

Accordingly, Larry requests that the Commission issue an order directing the Cooperative to: (1) Interconnect Larry’s QF pursuant to Minn. Stat. § 216B.164, subd. 4; (2) Compensate Larry at the average rate pursuant to Minn. Stat. § 216B.164, subd. 3(a) & (d), and Minn. R. 7835.3300 for the net energy Larry exports to Cooperative’s electric system; (3) Determine that when members of the Cooperative have a dispute with the Cooperative that falls under Minn. Stat. § 216B.164, those disputes will be resolved consistent with Minn. Stat. § 216B.164 and any cooperative rules that have been adopted that are consistent with that section; and, (4) determine that the Cooperative does not have the legal authority to change its dispute resolution process with regard to disputes arising under Minn. Stat. § 216B.164 to any process that is inconsistent with Minn. Stat. § 216B.164 because the authority granted to cooperatives under Minn. Stat. § 216B.164, subd. 11, require a dispute resolution process that is consistent with Minn. Stat. § 216B.164.

**I.
PARTIES AND JURISDICTION**

Complainant: **Larry Rauenhorst**
80828 County Road 13
Olivia, MN 56277

⁸ See Minn. Stat. § 216A.07, subd. 2 (“The commissioner is responsible for the enforcement of chapters 216A, 216B and 237 and the orders of the commission issued pursuant to those chapters.”).

Complainant's Counsel: **Curtis P. Zaun**
219 Meadowood Place
Saint Paul, MN 55127

Respondent: **Renville-Sibley Cooperative Power Association**
P.O. Box 68
Danube, MN 56230

Respondent's Counsel: **Zachary A. Alter**
Felhaber Larson
220 South 6th Street
Suite 2200
Minneapolis, MN 55402

The Commission has jurisdiction to hear this matter, make findings of fact, and order all appropriate relief under, *inter alia*, Minn. Stat. § 216A.05, and Minn. Stat. § 216B.17.⁹

II. FACTUAL ALLEGATIONS

1. Larry is a member of the Cooperative.
2. Larry has installed a QF on his property.
3. The capacity of Larry's QF is less than 40 kW.
4. Cooperative is a cooperative electric association under Minn. Stat. § 216B.164.
5. Cooperative is a cooperative electric association under Minn. R. Chapter 7835.
6. Larry submitted an application to interconnect his QF to Cooperative's electric distribution system.
7. Cooperative approved Cooperative Member's interconnection application.
8. After Cooperative approved Larry's application, it sent Larry a Uniform Contract

⁹ See Minn. Pub. Util. Comm., *In the Matter of a Formal Complaint by the Upper Sioux Community Against Minnesota Valley Cooperative Light & Power Association*, Dkt. 25-219, ORDER REQUESTING SPECIALIZED SERVICES, REFERRING MATTER TO OFFICE OF THE ATTORNEY GENERAL, AND NOTICE OF AND ORDER FOR HEARING, p. 2 (Aug. 13, 2025) ("The Community's complaint involves the reasonableness of the Cooperative's standards and practices regarding customer-sited solar generation and whether the Cooperative's threat of disconnection is unjustly discriminatory. These issues clearly implicate the Cooperative's "standards and practices," and the Commission therefore concludes that it has jurisdiction over the issues raised in Community's complaint under Minn. Stat. § 216B.17, subd. 6a.").

for Cogeneration and Small Power Production Facilities (“Contract”), which Larry executed on November 27, 2024.¹⁰

9. The Contract allowed Larry to elect to be compensated at the average rate for all energy exported to Cooperatives’ electric distribution system.¹¹

10. Minn. Stat. § 216B.164, subd. 3, states, in relevant part:

Purchases; small facilities. (a) This paragraph applies to cooperative electric associations and municipal utilities. For a qualifying facility having less than 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. . . . In the case of net input into the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c), (d), or (f).

...

(d) Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

11. Minn. R. 7835.3150 states, “Parts 7835.3200 to 7835.4000 apply to interconnections between a qualifying facility and a cooperative electric association or municipal utility.”

12. Minn. R. 7835.3300 states:

AVERAGE RETAIL UTILITY ENERGY RATE.

Subpart 1. Applicability. The average retail utility energy rate is available only to qualifying facilities with capacity of less than 40 kilowatts which choose not to offer electric power for sale on either a time-of-day basis or a simultaneous purchase and sale basis.

Subp. 2. Method of billing. The utility must bill the qualifying facility for the excess of energy supplied by the utility above energy supplied by the qualifying facility

¹⁰ See Exhibit B.

¹¹ See *id.*

during each billing period according to the utility's applicable retail rate schedule.

Subp. 3. Additional calculations for billing. When the energy generated by the qualifying facility exceeds that supplied by the utility during a billing period, the utility must compensate the qualifying facility for the excess energy at the average retail utility energy rate.

13. The Cooperative's Cogeneration Rules Implementing 216B.164 ("Interconnection Rules"), which are effective for applications after January 1, 2018, require the Cooperative to compensate its members for the energy they export to the Cooperative's electric system at the average retail utility energy rate if the Cooperative Member's QF is less than 40 kW. They state:

M. AVERAGE RETAIL COOPERATIVE ENERGY RATE.

Subpart 1. Applicability. The average retail cooperative energy rate is available only to Member-owned qualifying facilities with capacity less than 40 kilowatts which choose not to offer electric power for sale on either a time-of-day basis, a simultaneous purchase and sale basis or roll-over credit basis.

Subp. 2. Method of billing. The Cooperative shall bill the qualifying facility for the excess of energy supplied by the Cooperative above energy supplied by the qualifying facility during each billing period according to the Cooperative's applicable rate schedule.

Subp. 3. Additional calculations for billing. When the energy generated by the qualifying facility exceeds that supplied by the Cooperative to the Member at the same site during the same billing period, the Cooperative shall compensate the qualifying facility for the excess energy at the average retail cooperative energy rate.

14. Cooperative's website states:

Minnesota is one of many states that encourage small renewable energy systems to be installed at residences and businesses. According to Minnesota Statute 216B.164, all utilities shall buy back any excess energy that reaches the distribution grid produced by a qualifying facility having less than 40 kW capacity at the average retail energy rate for the applicable rate schedule. This means for any wind or solar system with a total capacity size of less than 40 kW and installed at an existing Renville-Sibley Cooperative Power (RSCPA) service location, RSCPA will buy the excess energy produced by the renewable system at an average retail energy rate.

For renewable systems at a capacity of 40 kW or larger, RSCPA will still buy back the excess power produced by the renewable system that reaches the grid. However, the amount that the power is bought back is at avoided cost.¹²

15. Cooperative is aware of the legal requirement under Minnesota law to compensate

¹² See Exhibit A, available at <https://rscpa.coop/distributed-generation>.

its members at the average rate for all energy exported from member QFs with a capacity under 40 kW.

16. Larry executed the Contract, electing to be compensated at the Cooperative's average rate.

17. Cooperative subsequently informed Larry that he could not receive the average rate.

18. Cooperative did not provide any legal justification for its refusal to compensate Larry at the Cooperative's average rate.

19. Cooperative's refusal to compensate Larry at the Cooperative's average rate was illegal, fraudulent, and unfairly prejudicial to Cooperative Member.

20. Cooperative's refusal to compensate Larry at the average rate was arbitrary, vexatious, or otherwise not in good faith.

21. Larry appealed Cooperative's decision to the Cooperative's Board of Directors and, on March 21, 2025, the Directors also refused to compensate Larry at the Cooperative's average rate for the energy Larry would provide to Cooperative.¹³

22. Minn. Stat. 216B.164, subd. 11, states, in relevant part

(a) For purposes of this section only, the term "commission" means the board of directors of a cooperative association that (1) elects, by resolution, to assume the authority delegated to the Public Utilities Commission over cooperative electric associations under this section, and (2) adopts and has in effect rules implementing this section. The rules must provide for a process to resolve disputes that arise under this section, and must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented in accordance with paragraph (b). A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission under this section.

(b) In the event of a dispute between a cooperative electric association and one or more of its members, either party may request mediation of the dispute only after all attempts to settle the dispute under the cooperative electric association's dispute resolution process have been exhausted. The parties must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of Minnesota's General Rules of Practice for the District Courts. The

¹³ See Exhibit D.

cooperative electric association shall pay 90 percent of the cost of mediation, and the member or members who initiated the dispute shall pay ten percent of the cost of mediation.

23. The Cooperative's Interconnection Rules state:

T. DISPUTE RESOLUTION

Subpart 1. Cooperative Dispute Resolution Process. Members(s) should make reasonable efforts to resolve a disputes (sic) with Cooperative staff including the Cooperative's General Manager before taking a dispute to the Cooperative's Board of Directors. The Board of Directors shall provide timely opportunity for any member(s) with a dispute to bring the issue(s) to the Board for resolution. The Cooperative Board of Directors shall weigh the issues and circumstances of the case and make a determination on any dispute brought to the Board which must be recorded in the minutes of the meeting. In the event the member(s) and the Cooperative cannot resolve the dispute, either the member(s) or the Cooperative may request mediation as outlined in Subparts 2 and 3.

Subp. 2. Mediator. The Cooperative and the member(s) involved in the dispute must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of the Minnesota General Rules of Practice for the District Courts.

Subp. 3. Cost Sharing. The Cooperative and the member(s) involved in the dispute shall cost share the expense for the mediator for mediation. The Cooperative shall be responsible for 90% of the mediator's cost and the member(s) who initiated the dispute shall pay 10% of the cost of the mediator.

24. On March 27, 2025, the Board of Directors amended their bylaws to add an arbitration requirement for resolving disputes with the Cooperative, which state:

B. Arbitration

Any and all disputes, claims or controversies arising from or related in any way to the Association's provision of electricity or other services, or in its furnishing of any goods, or in the conduct of its operations, other than disputes or claims relating to the payment for electrical energy and/or other services provided by the Co-op, that are not resolved by agreement of the parties, shall, at the request of either party, be resolved by binding arbitration. In the event the arbitration involves a sum in excess of \$100,000.00, there shall be three (3) arbitrators, one picked by each party and a third selected by the two (2) arbitrators selected by the parties. In the event the dispute involves less than \$100,000.00, there shall be one (1) arbitrator. If the parties cannot agree on an arbitrator, the determination shall be made by the Minnesota District Court in Renville County, Minnesota.

The arbitration shall take place in Danube, Minnesota, or as close to this location as possible, under and pursuant to the rules contained in chapter 572B of Minnesota Statutes, the Uniform Arbitration Act. The determination of any dispute in arbitration shall be governed by the laws of the State of Minnesota. The cost of the arbitrators and the filing fees shall be shared equally by the parties. All disputes between the parties must be arbitrated individually, and not through a Class Action. Each member of the Association, by virtue of their membership, agrees to arbitrate any and all claims or controversies according to these

Bylaws, Association Policies, or other established rules prescribed by the Board of Directors. This agreement to arbitrate disputes shall survive any withdrawal from or termination of a Member's membership in the Association.¹⁴

25. Cooperative is aware of the legal requirement under Minnesota law to compensate its cooperative members at the average rate for all energy exported from the cooperative member's QF if it is under 40 kW.

26. Larry has been denied the compensation he should have received had Cooperative agreed to compensate him at the average rate when he originally requested Cooperative to do so, and continues to suffer harm each day his QF is not interconnected and he is not compensated at the average rate for all the energy his QF could have exported to Cooperative's electric distribution system.

27. The University of Minnesota's study has not been able to advance because of the Cooperative's refusal to comply with Minnesota law.

28. Minn. Stat. § 216B.17, subd. 1, allows the Commission to investigate the service standards or practices of a cooperative electric association if it determines it is in the public interest to do so.

29. Refusing to comply with Minnesota law is a service standard or practice.

30. It is in the public interest for the Commission to investigate the intentional violation of Minn. Stat. § 216B.164, subd. 3, and Minn. R. 7835.3300 by the Cooperative.

31. It is in the public interest for the Commission to clarify that the Cooperative has not changed its dispute resolution process for disputes under Minn. Stat. § 216B.164.

32. It is in the public interest for the Commission to determine that the Cooperative does not have the authority to change the dispute resolution process required under Minn. Stat. § 216B.164, subd. 11, because such a change would exclude the Cooperative from the provisions of

¹⁴ See Exhibit E.

Minn. Stat. § 216B.164, subd. 11, and subject it to the statewide interconnection standards.

III. COMPLAINT

33. Refusing to compensate Larry at the average rate for energy provided to Cooperative by Larry's QF is a violation of Minn. Stat. § 216B.164.

34. Refusing to compensate Larry at the average rate for energy provided to Cooperative by Larry's QF is a violation of Minn. R. 7835.3300.

35. Refusing to compensate Larry at the average rate for energy provided to Cooperative by Larry's QF is a violation of Cooperative Members Contract with Cooperative.

36. Refusing to compensate Larry at the average rate for energy provided to Cooperative by Larry's QF is a violation of Cooperative's Interconnection Rules.

37. In order to fall within the exemption provision of Minn. Stat. § 216B.164, subd. 11, a cooperative electric association is required to, among other things, adopt and have "in effect rules implementing this section" that "must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented in accordance with paragraph (b)," which requires the Cooperative to pay 90 percent of the cost of the mediation.

38. To the extent that the Cooperative's arbitration provision requires the arbitration of disputes arising under Minn. Stat. 216B.164, the arbitration provision is inconsistent with Minn. Stat. § 216B.164, subd. 11, and the Cooperative's Interconnection Rules.

39. Larry, and all cooperative members, is entitled to the dispute resolution process mandated by Minn. Stat. § 216B.164, which includes resorting to Minnesota courts, when Cooperative violates Minn. Stat. § 216B.164, and the rules promulgated thereunder.

IV. REQUEST FOR RELIEF

Accordingly, Larry requests that the Commission issue an order directing the Cooperative

to: (1) Interconnect Larry's QF pursuant to Minn. Stat. § 216B.164, subd. 4; (2) Compensate Larry the average rate pursuant to Minn. Stat. § 216B.164, subd. 3(a) & (d), and Minn. R. 7835.3300 for the energy Larry exports to Cooperative's electric system; (3) Determine that when members of the Cooperative have a dispute with the Cooperative that falls under Minn. Stat. § 216B.164, those disputes will be resolved consistent with Minn. Stat. § 216B.164 and any cooperative rules that have been adopted that are consistent with that section; and, (4) determine that the Cooperative does not have the legal authority to change its dispute resolution process with regard to disputes arising under Minn. Stat. § 216B.164 to any process that is inconsistent with Minn. Stat. § 216B.164 because the authority granted to cooperatives under Minn. Stat. § 216B.164, subd. 11, require a dispute resolution process that is consistent with Minn. Stat. § 216B.164.

Respectfully Submitted,

Dated: February 06, 2026

/s/ Curtis P. Zaun

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