



AN ALLETE COMPANY

David R. Moeller
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November 18, 2015

VIA E-FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: In the Matter of a Petition for Approval of a Compensation and Service Territory Agreement
Between the City of Pierz and Minnesota Power
Docket No. E293, 015/SA-15-_____

Dear Mr. Wolf:

Enclosed for filing please find the Joint Petition between the City of Pierz and Minnesota Power.

Please contact me at the number above if you have any questions regarding this matter.

Yours truly,

A handwritten signature in black ink that reads "David R. Moeller".

David R. Moeller

DRM:sr
Encl.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Docket No. E293, 015/SA-15-_____

In the Matter of a Petition for Approval of
a Compensation and Service Territory
Agreement Between the City of Pierz and
Minnesota Power

**JOINT PETITION OF
CITY OF PIERZ AND
MINNESOTA POWER**

SUMMARY OF FILING

Pursuant to Minn. Stat. § 216B.39, subd. 3 the City of Pierz (“Pierz”) and Minnesota Power petition the Minnesota Public Utilities Commission (“Commission”) for approval of a Compensation and Service Territory Agreement (“Agreement”) executed on November 9, 2015 that makes changes in the boundaries of the assigned service areas of each utility.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Docket No. E293, 015/SA-15-_____

In the Matter of a Petition for Approval of a
Compensation and Service Territory
Agreement Between the City of Pierz and
Minnesota Power

**JOINT PETITION OF
CITY OF PIERZ AND
MINNESOTA POWER**

I. INTRODUCTION

Pursuant to Minn. Stat. § 216B.39, subd. 3 City of Pierz (“Pierz”) and Minnesota Power petition the Minnesota Public Utilities Commission (“Commission”) for approval of a Compensation and Service Territory Agreement (“Agreement”) executed on November 9, 2015 that makes changes in the boundaries of the assigned service areas of each electric utility.

II. BACKGROUND

Pierz is a municipal corporation duly organized under the laws of Minnesota and owns and operates a municipal electric system that provides service within the municipal corporate boundaries. Minnesota Power is a Minnesota corporation and a public utility under Minn. Stat. § 216B.02, subd. 4. Pursuant to the service area assignments of the Commission and Minn. Stat. §§ 216B.37 to 216B.40, Pierz and Minnesota Power have exclusive rights to provide electric service to customers within their respective assigned service territories. Pursuant to Minn. Stat. § 216B.44, Pierz may acquire the right for its municipal utility to serve any area within its corporate boundaries so long as the municipality pays an agreed upon compensation to the displaced utility currently operating in the annexed area. Pierz and Minnesota Power have negotiated and executed a mutual Compensation and Service Territory Agreement of the assignment Minnesota Power’s electric service territory annexed by Pierz.

III. SERVICE AREA EXTENSION AGREEMENTS CHECKLIST

In compliance with the Commission's recent orders and procedures for service territory adjustments, Pierz and Minnesota Power have included the Commission's Checklist for Content of Agreed Upon Service Area Extension Agreements.

1. *A cover letter with the submitter's full contact information, including where to provide electronic service;*

See accompany cover letter. The submitter's full contact information is:

David R. Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723-3963
dmoeller@allete.com

2. *A joint letter explaining the change.*

Letter includes contact information for both utilities (name, title, phone number, work address, e-mail address)

David R. Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723-3963
dmoeller@allete.com

Scott Saeher
City Administrator
City of Pierz
Pierz City Hall
101 Main Street
Pierz, MN 56364
320-468-6471
scotts@pierzmn.org

Letter includes a legal description of the property in question.

See Exhibit A – Compensation and Service Territory Agreement.

Letter includes a short explanation why the agreement is consistent with Minn. Stat. §216B.39.

See Section IV below.

Letter states whether the filing is related to a permanent boundary change or is service by exception.

See Section IV below describing this permanent boundary change.

3. *A Settlement Agreement, if applicable.
Settlement agreement is signed by authorized representatives of both utilities.*
See Exhibit A - Compensation and Service Territory Agreement.
4. *A digital (PDF) or paper map, with adequate information to locate service area change.*
See Exhibit A - Compensation and Service Territory Agreement.
5. *GIS data (shapefile with a defined projection) e-mailed to MNGeo and Commission staff after documentation is efiled (or contact MnGeo for other formats).*
This information has been e-mailed to MNGeo and will be emailed to Commission Staff after being eFiled.
6. *Customers affected by this change must receive written notice, including utility contact information and Commission contact information.*
As noted below in Section IV and in Exhibit A - Compensation and Service Territory Agreement, no current customers are affected by this change in service territory.

IV. PETITION FOR SERVICE TERRITORY ASSIGNMENT

Pierz and Minnesota Power jointly petition for Commission approval to assign the service territory boundaries as agreed to in the Compensation and Service Territory Agreement and executed service territory map. See Exhibit A. Minn. Stat. § 216B.39, subd. 3 states that “the Commission may on its own or at the request of an electric utility make changes in the boundaries of the assigned service areas....” after notice and hearing as provided in Minn. Stat. §§ 216B.17 and 216B.18.

Pursuant to Minn. Stat. § 216B.44, Pierz may acquire the right for its municipal utility to serve any area within its corporate boundaries so long as the municipality pays an agreed upon compensation to the displaced utility currently operating in the annexed area. Pierz and Minnesota Power have negotiated and executed the Agreement for the assignment Minnesota Power’s electric service territory annexed by Pierz. The Compensation and Service Territory

Agreement provides that Pierz will provide retail electric service to areas currently within Minnesota Power's assigned service territory. The Agreement also provides the period of compensation if at least one new customer begins receiving service from Pierz in the future and the applicable compensation Pierz shall pay Minnesota Power. The Agreement utilizes the Commission standard ten year compensation period that will begin when a new customer is added within the annexed area. Additional details and compensation levels are provided in the Agreement. Furthermore, the electric utilities request that this service territory assignment be noted on the Commission's official electric service territory maps for the applicable counties.

V. CONCLUSION

Based on all the foregoing, Pierz and Minnesota Power respectfully request that the Commission grant this Petition for Approval of a Compensation and Service Territory Agreement.

Dated: November 17, 2015

Respectfully submitted,



David R. Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723-3963
dmoeller@allete.com

**Attorney for Minnesota Power and on
behalf of the City of Pierz**

**COMPENSATION AND SERVICE TERRITORY AGREEMENT
BETWEEN THE CITY OF PIERZ AND MINNESOTA POWER**

This Compensation and Service Territory Agreement (the "Agreement") is entered into as of Nov 9th, 2015, by and between Minnesota Power ("MP"), and the City of Pierz ("City"). MP and Pierz may hereinafter be referred individually as a "Party" and collectively as the "Parties".

WHEREAS, the City is a municipal corporation duly organized under the laws of Minnesota and owns and operates a municipal electric system that provides service within the municipal corporate boundaries,

WHEREAS, MP is a Minnesota corporation and a public utility under Minn. Stat. § 216B.02, subd. 4 and currently has service territory within the City of Pierz,

WHEREAS, pursuant to the service area assignments of the Minnesota Public Utilities Commission ("Commission") and Minn. Stat. § 216B.37 to 216B.40, MP currently has the exclusive right to provide electric service within a portion of the City's corporate boundaries,

WHEREAS, pursuant to Minn. Stat. § 216B.44, the City may acquire the right for its municipal utility to serve any area within its corporate boundaries so long as the municipality pays an agreed upon compensation to the displaced utility currently operating in the annexed area,

WHEREAS, the Parties have negotiated a mutual agreement of compensation and assignment of MP's electric service territory annexed by the City and desire here to set forth the terms and conditions of this Agreement,

WHEREAS, pursuant to Minn. Stat. § 216B.39, subd. 3 utilities may request the Commission make changes in the boundaries of the assigned service areas, after notice and hearing as provided for in Minn. Stat. § 216B.17 and 216B.18,

NOW THEREFORE, in consideration of the promises and mutual covenants contained herein the Parties hereby agree as follows:

1. Property Description: The City will provide retail electric service to an area currently within MP's assigned service territory in Pierz, Minnesota, which is identified on Exhibit A, attached hereto and incorporated herein, known as the "Service Territory Transfer Area". Exhibit A is a map that shows the electric service territory associated with this Agreement. As so depicted, the City's service territory will, upon Commission approval, now include the parcel, shaded in blue described as the Service Territory Transfer Area.
2. Compensation: The City shall compensate MP for MP's service territory that is located in the real property annexed into the City as follows:

- 2.1 Period of Compensation. Subject to Commission approval of this Agreement, a ten year compensation period shall start after addition of at least one new customer in the Property Description, however, no compensation shall be paid after December 31, 2035 regardless of when the compensation started.
 - 2.1.1 Example 1: New customer is added within Property Description on January 1, 2018. In this case, the compensation period will be from January 1, 2018 through December 31, 2027.
 - 2.1.2 Example 2: New customer is added within Property Description on July 15, 2031. In this case, the compensation period for this load addition will be from July 15, 2031 through December 31, 2035.
- 2.2 Compensation Amount. The City shall compensate MP \$0.01 per kilowatt hour on all kilowatts connected in the described area to be paid annually to MP.
- 2.3 Compensation for Existing MP Facilities. There will be no assets included in this agreement and no compensation for any MP facilities.
3. Reservation of Rights: Except as specifically set forth herein, this Agreement does not modify or limit the legal rights of any Party.
4. No Precedent: The Parties recognize that this Agreement is the result of negotiations between the Parties and that this Agreement, and the Commission's approval of this Agreement, does not represent any binding or legal precedent on any Party in any other matter.
5. Request for Commission Approval of the Agreement: Upon execution of this Agreement by both Parties, MP will prepare and file a Joint Petition with the Commission along with this Agreement requesting approval under Minn. Stat. §216B.39, subd. 3 for a modification of the Parties' assigned service territories.
6. Miscellaneous:
 - a. Entire Agreement and Modification: This Agreement contains the entire agreement and understandings of the Parties hereto regarding the scope of the Agreement. All previous communications between the Parties hereto, either verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall be effective unless the same shall be in writing and signed by all Parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
 - b. Assignment: The Parties shall not assign this Agreement- voluntarily, involuntarily or by operation of law, without the prior written consent of the other Party.
 - c. Savings Clause: If any provision of this Agreement shall be found invalid or unenforceable,

in whole or in part, by a court of competent jurisdiction or the Commission, then such provision shall be deemed to be modified or restricted to the extent and in a manner necessary to render the same valid and enforceable, or if that is not possible, such provision shall be stricken and deleted from this Agreement, as the case may require, and this Agreement shall then be construed and enforced to the maximum extent permitted by law and with the purpose to achieve the fundamental intent of the Parties.

- d. Choice of Laws: This Agreement shall be construed and interpreted in accordance with the laws of the State of Minnesota and excluding any choice of law rules that may direct the application of laws of another jurisdiction.
- e. Agreement Drafted Jointly: The Parties agree that neither Party shall be deemed responsible for drafting all or any portion of this Agreement, and in the event of a dispute, responsibilities for any ambiguities arising from any provision of this Agreement shall be shared equally among the Parties.
- f. Regulation: The Parties acknowledge that this Agreement is subject to the jurisdiction of the Commission.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above and the Parties agree to take such additional steps and actions including execution of such instruments and other documents as are reasonably necessary to effectuate the intentions of expressed hereby.

CITY OF PIERZ

By [Signature]

Title Mayor

Date 11-9-15

MINNESOTA POWER

By [Signature]

Title Vice President - Marketing

Date 11-12-15



City of Pierz
Service Territory

Legend

- Minnesota Power Service Territory
- New Service Territory Boundary
- Service Territory Transferred Area
- Section Line
- Pierz Municipal Boundary
- Right Line



AGREEMENT

Pursuant to Minnesota Statutes Section 216B.39, subdivision 3, the undersigned electric utilities hereby agree that the electric service area boundaries indicated on this map accurately reflect the location of the perimeter of the areas of

Pierz Public Utilities and Minnesota Power Company.
 By: [Signature] By: Patrick Mink
 Date: 11-10-15

AGREEMENT

The undersigned parties hereby agree that the electric service area boundaries indicated on this map accurately reflect the location of the perimeter of the service areas of

Pierz Public Utilities and Minnesota Power Company.
 By: [Signature] By: Patrick Mink
 Date: 11-10-15

STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Susan Romans of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 18th day of **November, 2015**, she served Joint Petition of City of Pierz and Minnesota on Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on Minnesota Power's General Service List attached were served as requested.



Susan Romans

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	GEN_SL_Minnesota Power_Minnesota Power General Service List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Margaret	Hodnik	mhodnik@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
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	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Karen	Turnboom	karen.turnboom@newpagecorp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List