

December 19, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E148,E228/SA-14-824

Dear Dr. Haar:

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

The Joint Request of the Delano Water, Light, and Power Commission (the Municipal) and Wright-Hennepin Cooperative Electric Association (the Cooperative), collectively the Parties, to Modify Electric Service Territory Boundaries.

The initial petition was filed on September 26, 2014 by:

Hal Becker, General Manager
Delano Municipal Utilities
P.O. Box 65
11 Bridge Ave. W
Delano, Minnesota 55328

and

Mark Vogt, CEO
Wright-Hennepin Cooperative Electric Association
6800 Electric Drive
P.O. Box 330
Rockford, Minnesota 55373

On December 10, 2014, the Minnesota Public Utilities Commission (Commission) requested initial comments on four specific topics regarding the customer letter filed on December 5, 2014 with the Commission. On December 17, 2014, responsive initial comments on behalf of the Municipal were filed with the Commission by:

Kathleen M. Brennan
McGrann Shea Carnival Straughn & Lamb, Chartered
U.S. Bancorp Center
800 Nicollet Mall, Suite 2600
Minneapolis, Minnesota 55402

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The Department recommends that the Commission **approve the requested service territory boundary transfer from the Cooperative to the Municipal; allow the Municipal to serve-by-exception three meters in the Cooperative's service territory; and allow the Cooperative to serve-by-exception one customer in the area to be served by the Municipal.** The Department 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

**REPLY COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES**

DOCKET NO. E228/SA-14-824

I. BACKGROUND

On September 26, 2014, the Delano Water, Light, and Power Commission (the Municipal) and Wright Hennepin Cooperative Electric Association (the Cooperative), collectively the Parties, jointly filed a request that the Minnesota Public Utilities Commission (Commission) modify the Parties' existing electric service territory boundaries.

On November 12, 2014, the Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) filed comments recommending that the Commission approve the requested service territory boundary transfer from the Cooperative to the Municipal; allow the Municipal to serve-by-exception three meters in the Cooperative's service territory; and allow the Cooperative to serve-by-exception one customer in the area to be served by the Municipal.

On November 12, 2014, the Municipal provided to the Commission, a copy of a customer notice, including proof evidence that it provided the notice by personally delivering it to the affected customers on October 28, 2014.

On December 5, 2014¹, a customer affected by the boundary change submitted comments to the Commission indicating that the customer recently invested \$4,000 to install an off-peak water heater and air conditioner, and would be adversely affected if the requested transfer as proposed, is approved by the Commission.

On December 10, 2014, the Commission issued a request for comments on four specific topics regarding the December 5, 2014 comments of the affected customer. The

¹ Please note that the Department's references to a November 23, 2014 Letter to the Commission, are referencing the same letter, as the Letter is dated November 23, 2014 but filed in e-dockets on December 5, 2014.

Commission stated the initial comment period closes December 17, 2014 at 4:30 pm, and the reply comment period closes December 22, 2014 at 4:30 pm.

On December 11, 2014, the Department submitted DOC Information Request Nos. 1 – 3 to the Municipal, and DOC Information Request Nos. 4 – 6 to the Cooperative. The information requests all relate to concerns initially raised by the affected customer.

On December 17, 2014, the Municipal provided responses to DOC Information Request Nos. 1 – 3.

On December 17, 2014, the Cooperative provided responses to DOC Information Request Nos. 4 – 6.

On December 17, 2014, the Municipal provided *Initial Comments* pursuant to the Commission's request for comments on four specific topics regarding the December 5, 2014 comments of the affected customer.

II. SUMMARY OF THE MUNICIPAL'S INITIAL COMMENTS

On December 17, 2014, the Municipal provided responsive *Comments* to the Commission's December 10, 2014 Notice requesting comments on the following topics:

- Are there any other customers similarly situated to the customer who filed comments with the Commission on December 5, 2014?
- What response have the utilities provided to the customer?
- Did the customer notice submitted by Delano in the record on November 12, 2014, which stated that "we do not expect a disruption in your service other than a brief disruption in your service during the switch over," adequately inform the Commission and affected customers?
- Any other relevant issues

A. Other Customers

On Page 4 of its Initial Comments, the Municipal stated that it had identified a total of thirteen (13) customers who participated in the same off-peak water heater and air conditioner programs offered by the Cooperative. The Department notes that the Cooperative, in its response to DOC Information Request No. 5, indicated that it has

identified fifteen (15) services (customers) who may have paid charges for program equipment and installation costs.

B. Utility Response to Customer

On Page 5 of its Initial Comments, the Municipal stated that it provided a written response, which is attached to their comments. They also have attempted to contact the customer to discuss the recently adopted policy, as discussed on Pages 4 - 5 of the AFFIDAVIT OF HAL BECKER, which is attached to the Municipal's *Initial Comments*. The new policy, which is similar to a conservation program rebate that it currently offers all customers, would provide a rebate to all of the former Cooperative customers who had been off-peak participants of the Cooperative, who have not yet recouped the costs of their hot water heater equipment and who would not likely qualify under the Municipal's existing rebate program. The new policy provides for rebates ranging from \$50 - \$750, depending on the year of installation of the equipment.

C. Did the Customer Notice Adequately Inform the Commission and the Affected Customer(s)

On Page 5 of its Initial Comments, the Municipal stated that the notice provided to customers was adequate under these circumstances. The notice was intended to notify the intended customers of the Commission's proceeding, and provided contact information regarding questions, concerns, and requests for additional information; the customer who had concerns properly raised them through this proceeding.

The Municipal noted on Page 6 of its Initial Comments, that although its October 28, 2014 Notice to the Affected Customers did not specifically address rates or off-peak programs, the notice of the Commission's proceeding typically does not address those matters. However, on a going forward basis, the Municipal promised to be mindful of potential programs and will cooperate in notifying customers as to changes in programs between the previous service provider and the Municipal.

D. Any Other Relevant issues

On Page 6 of its Initial Comments, the Municipal noted that it has worked expeditiously to address the concerns identified by the customer in the December 5,

2014 filing, including identifying similarly situated customers, determining an appropriate course to recognize the energy savings to benefit its new customers, and adopting its new policy.

III. DEPARTMENT ANALYSIS OF THE MUNICIPAL'S INITIAL COMMENTS

After reviewing the Municipal's *Initial Comments*, and the responses of the Municipal and the Cooperative to DOC Information Request Nos. 1 – 3 and 4 – 6 respectively, the Department concludes that Parties adequately responded to the concerns of the customer, other similarly situated customers, the Department and the Commission. In addition, the Municipal proactively responded to the concerns of the affected customer who contacted the Commission, and created a solution that fairly compensates both the specific customer who contacted the Commission, as well as all other similarly situated customers.

The Department noted a minor discrepancy in the number of similarly situated customers identified by the Parties. The Municipal identified thirteen (13) and the Cooperative identified fifteen (15). Whether either of the two customer numbers includes the customer who filed comments, is not certain. However, the Municipal told the Department that it will work with the Cooperative to reconcile the differences and will contact all similarly situated customers.

IV. RECOMMENDATION

Because the Department concludes that the Municipal and Cooperative adequately addressed the concerns of the customer, other similarly situated customers, the Department and the Commission, the Department continues to recommend that the Commission approve the requested service territory transfer of the thirteen parcels identified herein from the Cooperative to the Municipal, allow the Municipal to serve-by-exception three meters in the area to be served by the Cooperative, and allow the Cooperative to serve-by-exception one customer in the area to be served by the Municipal.

/ja

CERTIFICATE OF SERVICE

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, 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 – REPLY COMMENTS

Docket Nos. **E148,228/SA-14-824**

Dated this **19th** day of **December, 2014**.

/s/Linda Chavez

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_14-824_SA-14-824
Hal	Becker	hbecker@delanomn.us	Delano Municipal Utilities	P.O. Box 65 11 Bridge Ave W Delano, MN 55328	Electronic Service	No	OFF_SL_14-824_SA-14-824
Kathleen M.	Brennan	kmb@mcgrannshea.com	McGrann Shea Carnival, Straughn & Lamb, Chartered	N/A	Electronic Service	No	OFF_SL_14-824_SA-14-824
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_14-824_SA-14-824
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_14-824_SA-14-824
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_14-824_SA-14-824
Kent D.	Mattson	k.mattson@pemplaw.com	Pemberton, Sorlie, Rufer & Kershner, PLLP	110 N Mills St PO Box 866 Fergus Falls, MN 565380866	Electronic Service	No	OFF_SL_14-824_SA-14-824
Mark F.	Vogt	N/A	Wright Hennepin Coop. Electric Assn.	6800 Electric Drive P.O. Box 330 Rockford, MN 553730330	Paper Service	No	OFF_SL_14-824_SA-14-824