

January 31, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

RE: In re Matter of North Star Electric Cooperative, Inc. and
Warroad Municipal Light & Power Department

MPUC No. E129,324/SA-17-141

Dear Mr. Wolf:

Attached for electronic filing with the Minnesota Public Utilities Commission in the above-referenced matter, please find the Verified Response Comments of North Star Electric Cooperative, Inc. with an accompanying Affidavit of Service.

Sincerely,

Joel L. Larson
Counsel for North Star Electric Cooperative, Inc.

MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Daniel Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

Docket No. E129,324/SA-17-141

In Matter of North Star Electric
Cooperative, Inc.
and Warroad Municipal
Light & Power Department

**VERIFIED RESPONSE COMMENTS
OF NORTH STAR ELECTRIC
COOPERATIVE, INC.**

FACTS

In 2013, North Star Electric Cooperative, Inc. (“North Star”) and the City of Warroad (“Warroad”) agreed to modify North Star’s service territory to accommodate the request of the Red Lake Band of Chippewa Indians (“Red Lake”). Red Lake requested services from Warroad, including electric service. The agreement to adjust the service territory was filed incorrectly with the Minnesota Public Utilities Commission (“Commission”) in 2013. In early 2017, North Star realized that the 2013 agreement was not correctly filed, so North Star properly filed the parties’ agreement with Minnesota Public Utilities Commission (“Commission”) and Red Lake objected.

The Minnesota Department of Commerce (“Department”) has reviewed the matter and has recommended that the Commission deny the request to update the service territory maps, without prejudice. The Department’s argument relies on a

lack of “written” notice to Red Lake and also concludes that the change of service territory is not consistent with the public interest.

There are a few additional facts worth noting with regard to the public interest, and specifically with regard to Red Lake’s best interest. North Star is a not-for-profit rural electric cooperative. North Star has a large service territory and has relatively few members, so its rates are somewhat higher than some other utilities in their region, one of which is the City of Warroad. North Star was provided with Red Lake’s casino billing information from 2015 to compare rates. Using the 2015 rates and fees for both utilities, North Star’s member basic service fee for an interruptible commercial account would have been \$2,640.00 (with generator backup and 2000kVA transformer), Warroad’s was \$26.75. North Star’s 2015 energy rate was \$0.071/kWh, Warroad’s was \$0.0545/kWh. Looking only at these two components, Warroad’s rates were and continue to be lower than North Star, even with the 15 mil adder. Additionally, all of North Star’s demand charges are higher than Warroad’s. Because of all these facts, Red Lake has saved money, and will continue to save money as a customer of Warroad (even with the 15 mil adder). If the service territory map isn’t updated and Red Lake then becomes a member of North Star, its electric service will be more expensive each year.

Additionally, North Star’s offices are roughly 40 and 110 miles from Red Lake’s Warroad casino. In an outage or other emergency situation, North Star’s nearest responder would be 40 miles from the casino. In a poor weather situation (which is the typical cause of an outage), traveling 40 may take a significant amount of time. It could be a significant burden on the casino to be without electricity for a

much longer period of time. In the alternative, the casino is now within the city limits of Warroad. Warroad would be in a much better position to respond to an outage at the casino and restore power in a timely manner.

LAW AND ARGUMENT

North Star offers no additional law but reiterates that Minnesota Statute 216B.39, subd. 2. directs the Commission to “establish the assigned service area or areas of each electric utility and shall prepare or cause to be prepared a map or maps to accurately and clearly show the boundaries of the assigned service area of each electric utility.” North Star requested that the Commission update the map to show the new agreed upon boundaries of the assigned service areas of the parties. Red Lake would benefit from lower electric rates as well as an electric service provider located very close by.

CONCLUSION

North Star respectfully requests that the service territory maps be updated. This is consistent with the law, the agreement of the parties and serves the best interest of the public, specifically the Red Lake Band of Chippewa Indians.

Dated January 31, 2018

Respectfully Submitted,

/s/ Joel L. Larson
Joel L. Larson
MN Atty. #386411
Counsel for North Star

VERIFICATION

I, Ann Ellis, am the General Manager of North Star Electric Cooperative, Inc. I have read the foregoing document and know the contents thereof. To the best of my knowledge, the factual statements and matters alleged therein are true of my own personal knowledge.



Ann Ellis, General Manager
North Star Electric Cooperative, Inc.