

September 11, 2017

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. E141, E274/SA-17-620

Dear Mr. Wolf:

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

The Joint Request of Melrose Public Utilities and Stearns Cooperative Electric Association, collectively the Parties, to Modify Electric Service Territory Boundaries.

The petition was jointly filed on August 16, 2017 by:

Melrose Public Utilities  
225 1<sup>st</sup> Street NE  
Melrose, MN 56352

and

Stearns Electric Cooperative  
900 Kraft Drive SE  
Melrose, MN 56352

The Department recommends that the Minnesota Public Utilities Commission (Commission) approve the requested service territory boundary transfer from Stearns Electric Cooperative Association to Melrose Public Utilities. The Commission's maps should be updated by MnGeo to reflect the service area designations as shown on the map in the Agreement. 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

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

*Docket No. E141, E274/SA-17-620*

#### **I. BACKGROUND**

The Melrose Public Utilities Commission/City of Melrose (Melrose or the City) is an electric municipal utility organized and existing under the laws of the State of Minnesota. Stearns Cooperative Electric Association (Stearns), is an electric distribution cooperative organized and existing under the laws of the State of Minnesota.

On May 21, 1998, Stearns and Melrose (collectively called "Parties") entered into a Service Territory Agreement (5/21/98 Service Territory Agreement) that established a method of orderly transfer, including compensation from Melrose to Stearns in the event Melrose decides at any future date to provide electrical service to Stearns electric consumers annexed into the Melrose city limits.

On February 11, 2005, in Docket No. E274,141/SA-04-1979 the Parties jointly submitted to the Minnesota Public Utilities Commission (Commission) a petition for approval of their agreement to change service territory boundaries as a result of a municipal acquisition pursuant to the 5/21/98 Agreement. On May 25, 2005 the Commission approved the request.

On November 7, 2005, in Docket No. E274,141/SA-05-1804 the Parties jointly submitted to the Commission a petition for approval of their agreement to change service territory boundaries as a result of a municipal acquisition pursuant to the 5/21/98 Agreement. On January 17, 2006 the Commission approved the request.

On January 6, 2017, the Minnesota Office of Administrative Hearings approved Ordinance No. 84-0331-34065 (MBAU A-8032 Melrose/Melrose Township) which annexed into the City of Melrose from Melrose Township the following real property described as follows:

That part of the East Half of the Southeast Quarter, Section 35, Township 126, Range 33, Stearns County, Minnesota, being described as follows:

Commencing at the southeast corner of said Section 35; thence on an assumed bearing of North 89 degrees 52 minutes 43 seconds

West, along the south line of said Southeast Quarter and also being the south line of the plat of EICH'S ACRES, according to the recorded plat thereof on file in the office of the County Recorder, Stearns County, Minnesota, a distance of 662.18 feet to the southwest corner of the East Half of the Southeast Quarter of the Southeast Quarter and also being the southwest corner of said plat of EICH'S ACRES; thence North 00 degrees 43 minutes 50 seconds West, along the westerly line of said plat of EICH'S ACRES also being the west line of said East Half of the Southeast Quarter of the Southeast Quarter; a distance of 285.00 feet to the northwest corner of said plat of EICH'S ACRES; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter, a distance of 700.60 feet to the point of beginning of the parcel of land to be described; thence continuing North 00 degrees 43 minutes 50 seconds West, along said west line of the East Half of the Southeast Quarter of the Southeast Quarter and its northerly extension, a distance of 518.62 feet; thence North 52 degrees 34 minutes 36 seconds West, a distance of 555.79 feet; thence North 00 degrees 40 minutes 00 seconds West, a distance of 694 feet, more or less, to the southerly bank of the Sauk River; thence Southwesterly, along said southerly bank of the Sauk River, a distance of 239 feet, more or less, to the west line of the East Half of the Southeast Quarter; thence South 00 degrees 40 minutes 00 seconds East, along the west line of said East Half of the Southeast Quarter, a distance of 1462 feet, more or less, to the northwest corner of the of West half of the South Three-Fourths of the Southeast Quarter of said Southeast Quarter; thence South 89 degrees 54 minutes 31 seconds East, a distance of 661.07 feet to the point of beginning. Said parcel of land contains 14.6 acres of land, more or less, and is subject to existing easements of record.

## **II. SUMMARY OF PROPOSAL**

On August 16, 2017, Melrose and Stearns, 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 resulting from of the January 6, 2017 Minnesota Office of Administrative Hearings approval of Ordinance No. 84-0331-34065 (MBAU A-8032 Melrose/Melrose Township).

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Analyst assigned: Dale V. Lusti

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### **III. DEPARTMENT ANALYSIS**

#### **A. TRANSFER OF THE AFFECTED AREA FROM STEARNS TO MELROSE**

Sheet 2 of the Annexation Exhibit is a map depicting the boundary for Parcel A which contains approximately 14.60 acres annexed by Melrose to serve the Jennie-O Turkey Stores, Inc, (JOTS) project. The Department notes that Parcel B as identified on the map, was not annexed by Melrose, and thus is not part of the service area transfer.

It should be noted that there are currently no customers in the affected area (Annexation Exhibit) that are being transferred from Stearns to Melrose in this proceeding. However, the JOTS project will become a customer of Melrose.

Per conversation with Melrose, the proposed transfer is a permanent transfer of service territory.

#### **B. COMPENSATION**

Pursuant to Paragraph 4, Option B of the 5/21/98 Service Territory Agreement, Melrose will compensate Stearns at a rate of 0.9 cents per kwh purchased from Melrose by consumers that become connected to Melrose for a period of 10 years, except that no payment will be required after 15 years from the date of takeover.

Thus, the Department agrees that the Parties' request to establish the 14.60-acre Affected Area as part of the City's service area is consistent with Minn. Stat. 216B.39.

### **IV. RECOMMENDATION**

The Department recommends that the Commission approve the requested service territory boundary transfer from Stearns Electric Cooperative Association to Melrose Public Utilities. The Commission's maps should be updated by MnGeo to reflect the service area designations as shown on the map in the Agreement.

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