

November 14, 2014

Burl W. Haar
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. E244,E123/SA-14-906

Dear Dr. Haar:

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

The Joint Request of the City of Granite Falls (the City) and Minnesota Valley Cooperative Light & Power Association (the Cooperative), collectively the Parties, to Modify Electric Service Territory Boundaries.

The petition was filed on October 22, 2014 by:

Kathleen M. Brennan
McGrann Shea Carnival Straughn & Lamb
800 Nicollet Mall
Suite 2600
Minneapolis, Minnesota 55402-7035

The Department recommends that the Minnesota Public Utilities Commission (Commission) approve the requested service territory boundary transfer from the Cooperative to the City, and is available to answer any questions the Commission may have.

Sincerely,

/s/ DALE V. LUSTI
Financial Analyst

DVL/It
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E244,E123/SA-14-906

I. SUMMARY OF PROPOSAL

On October 22, 2014, the City of Granite Falls (the City) and Minnesota Valley Cooperative Light & Power Association (the Cooperative), collectively the Parties, jointly filed a request that the Commission modify the Parties' existing electric service territory boundaries.

The joint request concerns approximately eleven acres that have been annexed into the City, described in further detail in the map and legal description attached to the Petition as Exhibit A (the Affected Area). The Affected Area is presently in the Cooperative's assigned service territory. The City is building a City-owned nursing home in the affected area.

II. BACKGROUND INFORMATION

The Parties noted that the existing Granite Falls Municipal Hospital and Manor is owned by the City, and is over 50 years old. To better serve the community, the City decided to acquire the Affected Area for the purposes of constructing and operating a replacement nursing home facility. The City will serve as the owner and developer for this project. The affected area is immediately adjacent to the City's existing independent senior housing facility, Granite Ridge Place, as well as its townhouse apartment project, Skyview Estates, both located within the City limits and the City's electric service territory.

III. DEPARTMENT ANALYSIS OF THE PARTIES' JOINT REQUEST

A. TRANSFER OF THE PARCELS INTO THE CITY'S SERVICE AREA PURSUANT TO THE REQUEST

Minnesota Statutes section 216B.44, subd. (a) states:

... whenever a municipality which owns and operates an electric utility (1) extends its corporate boundaries through annexation or consolidation, or (2) determines to extend its service territory within its existing corporate boundaries, the municipality shall thereafter furnish electric service to these areas unless the area is already receiving electric service from an electric utility, in which event, the municipality may purchase the facilities of the electric utility servicing the area.

Under the joint request, the Affected Area permanently transfers to the City's assigned electric service territory. Exhibit B to the Petition provides proof of annexation of the Affected Area (with corrected legal description noted in the recorded Affidavit of Scrivener's Error).

By written agreement of the Parties, the City has been providing construction service to the Affected Area. Listed below is the Department's interpretation¹ of the surveyor's description of each of the affected parcel. The Department requests that the Parties correct any errors in the description below; the description is needed to update the Commission's electronic service area maps.

That part of the South Half of the Northwest Quarter (S1/2 NW1/4) of Section Thirty-five (35), Township One hundred sixteen (116) North, Range Thirty-nine (39) West, Chippewa County, Minnesota, described as follows:

Commencing at the southeast corner of the Northwest Quarter (NW1/4) of said Section Thirty-five (35); thence North 88 degrees 15 minutes 31 seconds West, assumed bearing along the south line of said Northwest Quarter (NW1/4), a distance of 1190.00 feet; thence North 01 degrees 44 minutes 35 seconds East a distance of 55.45 feet to a point on the north line of Chippewa County Highway Department Right of Way Plat No. 38-2, that point being the point of beginning of the tract to be described; thence North 88 degrees 28 minutes 42 seconds West, along said northerly right of way, a distance of 210.00 feet to a point on the easterly line an existing tract; thence North 01 degrees 44 minutes 29 seconds East, along said easterly line, a distance of 245.36 feet to the northeast corner of said existing tract; thence north 88 degrees 15 minutes 31 seconds West, along the northerly lines of existing tracts, a distance of 726.00 feet to a point on the easterly line of Skyview East Addition; thence North 01 degrees 44 minutes 38 seconds East, along said easterly line, a distance of 449.91 feet to the northeast corner of Lot Three (3) of Block One (1) of Skyview East Addition; thence South 88 degrees 15 minutes 31 seconds East a distance of 936.00 feet; thence South 01 degrees 44 minutes 35 seconds West a distance of 694.46 feet to the point of beginning.

¹ The Department's description of the parcel utilizes the same capitalization, punctuation, etc. as shown on the map.

Said tract contains 10.85 acres more or less and is subject to any easements of record.

Thus, the Department agrees that the Parties' request to establish the parcel as part of the City's service area is consistent with Minn. Stat. 216B.44, subd. (a).

B. COMPENSATION

Minnesota Statutes Section 216B.44, subd. (b) states:

The municipality acquiring the facilities shall pay to the electric utility formerly serving the area the appropriate value of its properties within the area In the event the municipality and the electric utility involved are unable to agree as to terms of the payment or exchange, the municipality or the electric utility may file an application with the commission requesting that the commission determine the appropriate terms for the exchange or sale.

The Department notes that the Parties have agreed to compensation for the transfer of the Affected Area, after arms-length negotiations.

Thus, the Department agrees that the Parties' request to establish the parcel as part of the City's service area is consistent with Minn. Stat. 216B.44, subd. (a) and (b).

IV. RECOMMENDATION

The Department recommends that the Commission approve the requested service territory transfer of the parcel identified herein, from the Cooperative to the City.

/lt

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, 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
Comments**

Docket No. E244,123/SA-14-906

Dated this 14th day of November 2014

/s/Sharon Ferguson

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_14-906_SA-14-906
Kathleen M.	Brennan	kmb@mcgrannshea.com	McGrann Shea Carnival, Straughn & Lamb, Chartered	N/A	Electronic Service	No	OFF_SL_14-906_SA-14-906
Pat	Carruth	N/A	Minnesota Valley Coop. Light & Power Assn.	501 S. 1st St. PO Box 248 Montevideo, MN 56265	Paper Service	No	OFF_SL_14-906_SA-14-906
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_14-906_SA-14-906
George	Gerlach	George.Gerlach@granitefallshealthcare.com	City of Granite Falls	641 Prentice Street Granite Falls, MN 56241-1598	Electronic Service	No	OFF_SL_14-906_SA-14-906
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_14-906_SA-14-906
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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_14-906_SA-14-906
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