



---- Via Electronic Filing ----

8/29/2018

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

RE: Comments of the Minnesota Rural Electric Association in the Matter of the Complaint by Lake Country Power Against Minnesota Power Alleging Violation of its Exclusive Service Area by Providing Service to Canadian National Railway Company Facilities Near Hoyt Lakes, Minnesota	DOCKET NO.: 17-893 Date: 8/29/2018
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Dear Mr. Wolf:

The Minnesota Rural Electric Association (MREA) respectfully submits the attached comments in response to the request for comments from the Minnesota Public Utilities Commission (Commission) issued by the Commission in the above-referenced docket.

MREA represents the interests of the state's 45 electric distribution cooperatives and the six generation and transmission cooperatives that supply them with power. Our member cooperatives are not-for-profit electric utility businesses that are locally owned and governed by the member-consumers they serve.

The Minnesota Rural Electric Association appreciates the opportunity to submit comments in this matter on behalf of the member-owned electric cooperatives across Minnesota.

Sincerely,

/s/ Joyce Peppin

Joyce Peppin
Director of Government Affairs and General Counsel
Minnesota Rural Electric Association

**State of Minnesota
before the
Minnesota Public Utilities Commission**

**Nancy Lange
Dan Lipshultz
Matthew Schueger
Katie Sieben
John Tuma**

**Chair
Commissioner
Commissioner
Commissioner
Commissioner**

**Comments of the Minnesota Rural Electric Association in the
Matter of the Complaint by Lake Country Power Against
Minnesota Power Alleging Violation of its Exclusive Service
Area by Providing Service to Canadian National Railway
Company Facilities Near Hoyt Lakes, Minnesota**

DOCKET NO.: 17-893

**Minnesota Rural Electric
Association Comments**

The Minnesota Rural Electric Association ("MREA") represents Minnesota's 45 Distribution and six Generation and Transmission Cooperatives. MREA files comments today in support of Lake Country Power ("LCP"). MREA fully supports the comments filed by LCP in this proceeding.

The Minnesota Legislature has taken a strong stance in support of territorial electrical boundaries. The Legislature clearly states in Minn. Stat. § 216B.37 that it is in the public interest that electric service territories be separated into exclusive geographic areas and that those areas must be strictly observed. Additionally, the Legislature makes it clear in Minn. Stat. § 216B.38 that electric service territories are determined at a point where electric service is furnished to a customer at **retail for ultimate consumption**, not at a point of metered connection. These statutes have served Minnesota well since 1974 and have allowed for the development and maintenance of coordinated, reliable state-wide electric service. If the long-established defined service territory boundaries were to be arbitrarily altered, uncertainty could result in confusion, legal battles and unreliable electric service.

In this instance, Minn. Stat. § 216B.37 and 216B.38 have been violated. Minnesota Power ("MP") is currently providing electrical service to Canadian National Railway Company ("CN") at a metering location inside of MP's electric service territory. CN, in turn, has added signaling and sensing equipment to its railroad facilities near Hoyt Lakes, Minnesota, and has constructed its own electrical distribution infrastructure from that MP meter to locations inside of LCP's exclusive service territory. The signaling and sensing equipment is a new load that will be ultimately consumed in an area that is currently without any electric service and well within LCP's territory.

MP and CN claim that customers may choose a preferred service provider where its property straddles more than one utility's service territory and the customer provides its own distribution service into the other's territory. However, longstanding Minnesota statute recognizes only two instances where the preference of the customer may be a consideration for service territory disputes. Those two instances are large load exceptions (2,000 kilowatts or more), and residential/ homestead cases. See Minn. Stat. § 216B.42, Subd. 1(5) and Minn. Stat. § 216B.421. Neither exception is at play in the current case. The PUC has also, in limited cases, allowed for an exception when a physical building straddles another service territory. However, in this instance, CN does not have an actual building that straddles LCP's service territory. Instead, CN has connected signaling and sensing equipment that doesn't just straddle LCP's boundaries, it

spreads approximately four miles into LCP's exclusive service territory where the electricity is ultimately consumed.

LCP has asked the Commission to issue an order determining MP is in violation of state statute and that LCP has the exclusive right to extend electric service to the signaling and sensing equipment installed by CN. This complaint should be upheld.

Nothing in statute or precedence gives MP or CN the right to extend four miles into LCP service territory. If the Commission finds in favor of MP, there may be little to stop CN or any other customer from purchasing electricity through an electric utility at a meter inside that utility's service territory and then distributing that power through its own distribution lines anywhere it wants, regardless of exclusive electric service territory boundaries. A new precedent would be created that could undermine Minnesota's longstanding service territory requirements and create confusion and uncertainty long into the future. The Commission should find in favor of LCP.

Sincerely,

s/Joyce Peppin

Joyce Peppin
Director of Government Affairs and General Counsel
Minnesota Rural Electric Association

CERTIFICATE OF SERVICE

I, Joyce Peppin, 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 Maple Grove, Minnesota.

Minnesota Rural Electric Association

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