

August 3, 2016

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. E002, 124/SA-16-608

Dear Mr. Wolf:

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 Northern States Power Company, d/b/a Xcel Energy, and Minnesota Valley Electric Cooperative (the Cooperative) for approval of a Compensation and Orderly Transfer Agreement (Agreement).

The petition was filed on July 25, 2016 by:

Bria E. Shea, Regulatory Manager
Xcel Energy Services Inc.
414 Nicollet Mall, 401 – 7th Floor
Minneapolis, MN 55401

The Department recommends that the Minnesota Public Utilities Commission (Commission) approve the requested service territory transfer. The Commission's maps should be updated by MnGeo to reflect the service area designations as shown on the maps 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

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

DOCKET No. E002, 124/SA-16-608

I. BACKGROUND

Northern States Power (Xcel Energy) is a Minnesota corporation and a public utility under Minn. Stat. 216B.02, subd. 4. Minnesota Valley Electric Cooperative (the Cooperative) is an electric distribution cooperative formed pursuant to the provisions of Minn. Stat. Chapter 308A. The parties, Xcel Energy and the Cooperative have negotiated and executed a mutual agreement of the assignment of specific portions of each utility's respective electric service territory.

II. SUMMARY OF PROPOSAL

On July 25, 2016, Xcel Energy and the Cooperative jointly filed a request (Petition) that the Commission approve their *Compensation and Orderly Transfer Agreement (Agreement)*. The Parties' Agreement is attached to the Petition as Schedule A. The Agreement will transfer the service territory of 17 lots (eight lots to Xcel Energy and nine lots to the Cooperative) located in Hennepin and Scott County.

The Cooperative will transfer to Xcel Energy: Lots 3, 4, 5, 6, 7, 8, 9, and 10 of Block 1 of Settlers Ridge 4th Addition in Eden Prairie. See Petition Schedule A, pages 5-6.

Xcel Energy will transfer to the Cooperative: Lots 20, 19, 18, 17, 16, 15, 14, 13, and 12 of Block 1 of Canterbury Square 7th addition in Savage. See Petition Schedule A, pages 7-8

III. DEPARTMENT ANALYSIS

A. ASSIGNED SERVICE AREA

Minnesota Statutes section 216B.39, subd. (3) states:

... the commission may on its own or at the request of an electric utility make changes in the boundaries of the assigned service areas, but only after notice and hearing as provided for in sections 216B.17 and 216B.18.

During e-mail and telephone conversations with Xcel, the Department confirmed that prior to the May 18, 2016 Agreement, Xcel was serving the 8 lots at issue in the Cooperative's assigned service area, and the Cooperative was serving the 9 lots at issue in Xcel's service area. According to the Petition, as a result of the service area transfer no existing customers will be affected. According to the Petition, this permanent transfer will make it easier and more cost effective for the parties to serve these customers now and in the future.

B. *COMPENSATION*

According to the Agreement, the parties agreed that no compensation is due to either Party for the exchange of Service Areas.

Thus, the Department agrees that the Parties' request is reasonable.

IV. RECOMMENDATION

The Department recommends that the Commission approve the requested service territory transfer. MnGeo should update the Commission's maps to reflect the service area designations as shown on the maps in the Agreement.

/ja