

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
Dan Lipschultz
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Request for the Approval of
the Asset Purchase and Sale Agreement
Between Interstate Power and Light Company
and Southern Minnesota Energy Cooperative

ISSUE DATE: November 18, 2014

DOCKET NO. E-001, E-115, E-140,
E-105, E-139, E-124, E-126, E-145,
E-132, E-114, E-6521, E-142,
E-135/PA-14-322

ORDER DIRECTING PUBLIC
HEARINGS TO BE HELD

PROCEDURAL HISTORY

On April 15, 2014, Interstate Power and Light Company (IPL) and Southern Minnesota Energy Cooperative (SMEC) filed a joint petition, as Joint Petitioners, for approval of the sale of IPL's Minnesota electric distribution system and assets, and transfer of service rights and obligations in Minnesota, to SMEC, pursuant to an asset purchase and sale agreement.

On April 22, 2014, the Commission issued a notice seeking comments on the application and on procedural treatment of the filing, including whether the Commission should request that the Office of Administrative Hearings conduct public hearings on the petition.

On June 30, 2014, the Commission, after receiving initial comments on the filing, directed petitioners to respond to any additional questions posed by the Commission, the Department of Commerce (the Department) or the Office of the Attorney General – Antitrust and Utilities Division (OAG), or any other interested person; the Commission also concluded not to hold public hearings at that time, while issues in the docket were still emerging.

On October 10, 2014, the Commission issued another notice seeking comments on issues, such as rate impacts, as well as reliability and service quality.

On November 6, 2014, the Commission met to consider whether to hold public hearings, in conjunction with further record development.

FINDINGS AND CONCLUSIONS

I. The Transaction

The proposed transaction between IPL and SMEC will affect over 42,000 IPL customers throughout 19 Minnesota counties. The transaction is subject to Minn. Stat. § 216B.50, under which the Commission has the authority to authorize the transaction if the Commission finds that the sale is consistent with the public interest.

Under the proposed transaction, IPL would transfer to SMEC its local distribution assets used to supply power and electric service to all of IPL's approximately 42,600 retail customers in Minnesota. IPL would also transfer to SMEC its transferrable rights and obligations to provide electric service to those customers. All rights and obligations to serve customers in IPL's current electric service areas in Minnesota would be divided among, and transferred to, the twelve electric distribution cooperatives that formed and are members of SMEC. Current IPL retail customers would receive service from one of the individual SMEC member cooperatives and become members of that individual cooperative.

Under the transaction and immediately following the closing, IPL would withdraw from providing retail electric service in Minnesota and cease being a public utility in the state.

II. Public Hearings

At the Commission meeting, the parties concurred that it would be reasonable to hold public hearings in the affected service areas. The Joint Petitioners identified four cities in separate counties where public hearings could possibly be held, including: Albert Lea (Freeborn County), where nearly one-third of IPL's customers are located; Stewartville (Olmsted County); Montgomery (Le Sueur County); and Wabasso (Redwood County).

The Joint Petitioners stated that the highest concentration of IPL's customers is on the eastern part of IPL's system and that it would therefore be reasonable to hold multiple public hearings but that as few as two hearings might be sufficient. The Joint Petitioners requested that the hearings be held as soon as December, if possible. They also recommended that the Administrative Law Judge conducting the hearings file transcripts of the hearing records, rather than a summary of public comment, with the Commission.

The Department and the OAG stated that public hearings will give interested persons a valuable opportunity to provide further input on the proposed transaction and to further discuss possible rate impacts. They recommended that several hearings be held and concurred that hearing transcripts be filed with the Commission.

The Commission concurs with the parties that public hearings will provide interested persons the opportunity to offer input on the proposed transaction and are in the public interest. The Commission will therefore direct that a minimum of three public hearings be held as soon as practicable and that they be held to provide access throughout the affected service areas. The Commission will request that the Office of Administrative Hearings assign an Administrative Law Judge to conduct the hearings and promptly file the transcripts of the hearings with the

Commission.¹ The Commission will further direct that the dates, times, and locations of the hearings be set by the Administrative Law Judge after consultation with the Commission's Executive Secretary and the parties.

Further, the Commission will require the Joint Petitioners to develop and give notice of the hearing and to obtain Commission approval of the notices, as set forth in the ordering paragraphs below. The Commission will delegate to the Executive Secretary the authority to approve the notices, bill inserts, and advertisements, to vary time periods, and to establish new procedures as necessary to facilitate resolution of this matter.

ORDER

1. The Commission hereby determines that a minimum of three public hearings be held as soon as practicable.
2. The Commission requests that the Office of Administrative Hearings assign an Administrative Law Judge to conduct the public hearings and promptly file transcripts of the hearings with the Commission.
3. The Commission directs that the dates, times, and locations of the hearings be set by the Administrative Law Judge after consultation with the Commission's Executive Secretary and the parties.
4. The Commission hereby directs IPL to give notice of the public hearings at least ten days before the first day of hearings as follows:
 - a. mailed notice, such as a bill insert, to each customer;
 - b. mailed notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in IPL's last two rate cases.
 - c. display advertisements in legal newspapers in affected counties and in other newspapers of general circulation within IPL's Minnesota service area.
5. The Commission hereby directs IPL to submit proposed notices for Commission approval prior to publication of service.
6. The Commission delegates to the Executive Secretary the authority to approve customer and other notices, bill inserts, and advertisements of any other kind related to this matter for the duration of this proceeding.
7. The Commission delegates to the Executive Secretary the authority to vary time periods set forth in the Commission's orders in this matter and to establish new processes as necessary to facilitate resolution of this matter.

¹ The Office of Administrative Hearings has assigned Administrative Law Judge Steve M. Mihalchick to conduct the hearings.

8. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



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