

October 19, 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-16-701

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 August 23, 2016 by:

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

On October 3, 2016 Ms. Shea submitted Amendment No. 1 to the Compensation and Orderly Transfer Agreement (Amendment No. 1) to correct a typographical error contained in the Agreement submitted with the August 23, 2016 petition.

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/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET No. E002, 124/SA-16-701

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 August 23, 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. On October 3, 2016, Xcel Energy submitted Amendment No. 1 to the Agreement to correct paragraph E of the Agreement. As amended, the Agreement will transfer the service territory for 17 lots in Scott County from the Cooperative to Xcel Energy; and will transfer the service territory of 15 lots in Scott County from Xcel Energy to the Cooperative.

Specifically, as shown in Attachment 1, Pages 6 and 7 of Schedule A to the Agreement, the Cooperative will transfer to Xcel Energy the following:

- Lots 1, 2, 3, 4 and 5 of Block 4 of the Providence 4th Addition;
- Lots 1, 2, 3, and 4 of Block 5 of the Providence 1st Addition; and and
- Lots 1, 2, 3, 23, 24, 25, 26 and 27 of Block 9 of the Providence 4th Addition in Savage.

Specifically, as shown in Attachment 2, Pages 7 and 8 of Schedule A to the Agreement, Xcel Energy will transfer to the Cooperative the following:

- Lots 7, 8, 9, and 20 of Block 1 of the Providence 1st Addition;
- Lots 1, 2, 3, 4, 5, 6 and 7 of Block 10 of the Providence 3rd Addition; and
- Lots 10, 11, 12 and 13 of Block 11 of the Providence 3rd Addition in Savage.

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.

According to Amendment No. 1, the Cooperative is currently providing electric service to all 15 lots in Xcel's service territory that will be transferred to the Cooperative upon Commission approval; and Xcel Energy is currently providing electric service to all 17 lots in the Cooperative's service territory that will be transferred to Xcel upon Commission approval. Also, according to the Petition the proposed service territory transfer is permanent.

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.

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