

January 29, 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. E112, E295/SA-16-44

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 the Princeton Public Utilities and East Central Energy, collectively the Parties, to Modify Electric Service Territory Boundaries.

The petition was filed on January 19, 2016 by:

Kaela Brennan
McGrann Shea Carnival Straughn & Lamb, Chtd.
800 Nicollet Mall, Suite 2600
Minneapolis, MN 55402

The Department recommends that the Minnesota Public Utilities Commission (Commission) approve the requested service territory boundary transfer from East Central Energy to Princeton Public Utilities, and 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. E112, E295/SA-16-44

I. SUMMARY OF PROPOSAL

On January 19, 2016, Princeton Public Utilities (the Municipal)) and East Central Energy (the Cooperative), collectively the Parties, jointly filed a petition under Minn. Stat. 216B.39, subd.3, asking the Minnesota Public Utilities Commission (Commission) to modify the Parties' service territory boundaries.

II. DEPARTMENT ANALYSIS

A. TRANSFER OF THE AFFECTED AREA FROM COOPERATIVE TO THE MUNICIPAL

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.

EXHIBIT A to the Petition is a map and annexation ordinance (including legal description) that depicts the boundaries of the Affected Area, involving approximately 91 acres. The affected area transferred to the Municipal in ORDINANCE NO. 722, as PASSED AND ADOPTED by the City Council of the City of Princeton, Minnesota on September 24, 2015 is as follows:

Parcel A: 16-021-4801 (25.05 acres): The North Half of the Southeast Quarter of the Southeast Quarter (N $\frac{1}{2}$ of SE $\frac{1}{4}$) of Section Twenty-one (21), Township Thirty-six (36), Range Twenty-six (26), Mille Lacs County, Minnesota;

AND

That part of the Southwest Quarter of the Southeast Quarter of the Southeast Quarter (SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section Twenty-one (21), Township Thirty-six (36), Range Twenty-six (26), Mille Lacs County, Minnesota, lying North of the following described line:

Commencing at the Southwest corner of said Southwest Quarter of the Southeast Quarter of the Southeast Quarter (SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section Twenty-One (21); thence North 01 degrees 21' 12" West assumed basis of bearings, along the West line of said Southwest Quarter (SW $\frac{1}{4}$) a distance of 460.0 feet to the point of beginning of the line to be described; thence South 89 degrees 06' 35" East 250.0 feet; thence South 45 degrees 11' 00" East 604.96 feet to a point on the East line of said Southwest Quarter (SW $\frac{1}{4}$), distant 40.00 feet Northerly from the Southeast corner thereof, and there terminating. Subject to that portion thereof taken for road purposes.

Parcel B: 16-021-4900 (10 acres): The Southeast Quarter of the Southeast Quarter of the Southeast Quarter (SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section Twenty-one (21), Township Thirty-Six (36), Range Twenty-six (26), Mille Lacs County, Minnesota.

Parcel C: 16-022-1300 (25.56 acres): That part of the Southwest Quarter of the Southwest Quarter (SW $\frac{1}{4}$ of SW $\frac{1}{4}$) of Section Twenty-Two (22), Township Thirty-Six (36), Range Twenty-Six (26), Mille Lacs County, Minnesota, lying West of the East Branch of the Rum River.

Parcel D: 16-027-1000 (31 acres): That part of the Northwest Quarter of the Northwest Quarter (NW $\frac{1}{4}$ of NW $\frac{1}{4}$) of Section Twenty-Seven (27), Township Thirty-Six (36), Range Twenty-Six (26), Mille Lacs County, Minnesota lying West and Southwest of the East Branch of the Rum River.

The Parties indicated there are no existing customers in the Affected Area, although the school district plans to develop the Affected Area into ball field for elementary school children.

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 upon appropriate compensation

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

III. RECOMMENDATION

The Department recommends that the Commission approve the requested service territory boundary transfer from East Central Energy to Princeton Public Utilities.

/ja