

July 11, 2018

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, E325/SA-18-389

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

The Joint Request of Xcel Energy and the City of Waseca for approval of a Service Territory Agreement (Agreement) between the two utilities.

The petition was filed June 13, 2018, and a corrected Schedule C submitted on July 3, 2018, both by:

Lisa Peterson
Manager, Regulatory Analysis
Xcel Energy
414 Nicollet Mall, 401 – 7th Floor
Minneapolis, MN 55401

and

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

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The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve both the service-by-exception agreement, and the permanent service territory transfer** from Xcel Energy to the City of Waseca, 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. E002, E325/SA-18-389

I. BACKGROUND

The City of Waseca (the City), is an electric municipal utility organized and existing under the laws of the State of Minnesota. Northern States Power Company d/b/a Xcel Energy, is a public utility duly organized and existing under the laws of the State of Minnesota. Individually each is referred to as a Party and or collectively as the Parties.

According to Schedule A of the petition, in approximately 1993, the City of Waseca annexed the real property known as Market Place Addition.¹

II. SUMMARY OF PROPOSAL

On June 13, 2018, the City of Waseca (the City) and Northern States Power Company, d/b/a Xcel Energy, collectively the Parties, jointly filed a petition under Minnesota Statutes Sections 216B.37 - 216B.47, asking the Minnesota Public Utilities Commission (Commission) to modify the Parties' service territory boundaries. This joint request concerns the permanent transfer as described below, within the city limits of the City and within the assigned service territory of Xcel Energy.

Approval of the Parties' request would permanently transfer the Affected Area from Xcel Energy to the City.

III. DEPARTMENT ANALYSIS

A. *TRANSFER OF THE AFFECTED AREA FROM XCEL ENERGY TO THE CITY*

Exhibit A to the Electric Service Territory Agreement is a map and legal description that depicts the boundary of the Affected Area of approximately 6 acres known as Market Place Addition.

¹ Petition Exhibit A: Map and Legal Description of Affected Area.

Exhibit B is a Minnesota Geospatial Information Office (MnGeo) map showing the Affected Area.

The 6-acre Transfer Area includes one customer that is currently receiving service-by-exception from the City, with the remainder of the land being vacant and owned by the City.

B. INTERIM NOTICE

The Department notes that the parties have agreed that the City may provide interim service, on a service-by-exception basis to the customer located at 1905 North State Street, Waseca, Minnesota (the Interim Service Customer).

C. CUSTOMER NOTICE

Schedule B to the Electric Service Territory Agreement is a one-page informational Customer Notice Letter, relating to the transfer of electric service territory from Xcel Energy to the City of Waseca that will be provided to the one customer in the Affected Area. The notice identifies the pending proceeding before the Commission regarding the process of formally updating the service area maps to reflect the City as the service provider to the Affected Area. The corrected Schedule C to the Electric Service Territory Agreement, as submitted on July 3, 2018 to correct a typo, is a one-page Proposed Hearing Notice.

D. COMPENSATION

The Department notes that the Parties have agreed on appropriate compensation for both the interim-service customer and loss-of-revenue payments.

Thus, the Department agrees that the Parties' request to establish the Affected Area as part of the Municipal's service area is consistent with Minnesota Statutes §§ 216B.39 and 216B.40.

IV. RECOMMENDATION

The Department recommends that the Commission approve both the service-by-exception agreement and the requested service territory transfer from Xcel Energy to the City of Waseca. MnGeo should update the Commission's maps to reflect the service area designations as shown on the map in the Petition.