

February 10, 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. E234, E101/SA-16-58

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 Elk River Municipal Utilities and Connexus Energy, collectively the Parties, to Modify Electric Service Territory Boundaries.

The petition was filed on January 22, 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 Connexus Energy to Elk River Municipal Utilities, and is available to answer any questions the Commission may have. MnGeo should also make the requested changes to the service territory maps.

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. E234, E101/SA-16-58

**I. SUMMARY OF PROPOSAL**

On January 22, 2016, Elk River Municipal Utilities (the Municipal) and Connexus Energy (the Cooperative), collectively the Parties, jointly filed a petition under Minn. Stat. Section 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 that depicts the boundaries of the Affected Area. According to the Parties, the Affected Area involves approximately 1,984 acres, and 958 customers (832 residential, 101 commercial, and 25 industrial). Although the Parties indicated they do not have a separate legal description prepared of the Affected Area, they are willing to provide whatever information is helpful and reasonably requested by MnGeo to facilitate the adjustment in the official maps. The Parties indicated that they do have a Shape or CAD file of the map attached as Exhibit A.

The Parties provided copies of letters that were mailed to all of the affected customers. First, Connexus sent the affected customers a letter informing them that they would soon receive their electrical service from Elk River Municipal Utilities, due to a negotiated agreement. Later, the Municipal sent the affected customers informational letters describing services and rates they provide, as well as an estimated date when the physical service provision will transfer from Connexus to the Municipal.

**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 Connexus to Elk River Municipal Utilities. MnGeo should make the requested changes to the service territory maps.

/lt

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Comments**

**Docket No. E234,101/SA-16-58**

**Dated this 10<sup>th</sup> day of February 2016**

**/s/Sharon Ferguson**

| First Name  | Last Name   | Email                               | Company Name                                      | Address   | Delivery Method    | View Trade Secret | Service List Name     |
|-------------|-------------|-------------------------------------|---|---|--------------------|-------------------|-----------------------|
| Troy        | Adams       | tadams@elkriverutilities.com        | Elk River Municipal Utilities                     | 13069 Orono Parkway<br>PO Box 430<br>Elk River,<br>MN<br>55330      | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Julia       | Anderson    | Julia.Anderson@ag.state.mn.us       | Office of the Attorney General-DOC                | 1800 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012134  | Electronic Service | Yes               | OFF_SL_16-58_SA-16-58 |
| Nancy       | Basara      | nancyb@connexusenergy.com           | CONNEXUS ENERGY                                   | 14601 Ramsey Boulevard<br><br>Ramsey,<br>MN<br>55303                | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Kathleen M. | Brennan     | kmb@mcgrannshea.com                 | McGrann Shea Carnival, Straughn & Lamb, Chartered | N/A   | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Linda       | Chavez      | linda.chavez@state.mn.us            | Department of Commerce                            | 85 7th Place E Ste 500<br><br>Saint Paul,<br>MN<br>55101-2198       | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Pete        | Eggimann    | PEGGIMANN@MN-MESB.ORG               | Metropolitan Emergency Services Board             | 2099 University Ave W Ste 201<br><br>St. Paul,<br>MN<br>551043431   | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Sharon      | Ferguson    | sharon.ferguson@state.mn.us         | Department of Commerce                            | 85 7th Place E Ste 500<br><br>Saint Paul,<br>MN<br>551012198        | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| John        | Lindell     | agorud.ecf@ag.state.mn.us           | Office of the Attorney General-RUD                | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012130  | Electronic Service | Yes               | OFF_SL_16-58_SA-16-58 |
| Greg        | Ridderbusch | greg.ridderbusch@connexusenergy.com | Connexus Energy                                   | 14601 Ramsey Boulevard<br><br>Ramsey,<br>MN<br>55303                | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Dana        | Wahlberg    | dana.wahlberg@state.mn.us           | Department of Public Safety                       | Town Square Ste 137<br>444 Cedar St<br>St. Paul,<br>MN<br>551015126 | Electronic Service | No                | OFF_SL_16-58_SA-16-58 |
| Daniel P    | Wolf        | dan.wolf@state.mn.us                | Public Utilities Commission                       | 121 7th Place East<br>Suite 350<br>St. Paul,<br>MN<br>551012147     | Electronic Service | Yes               | OFF_SL_16-58_SA-16-58 |