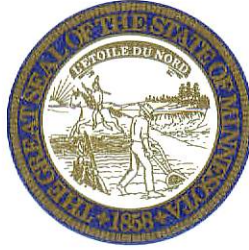


Dan Fabian
State Representative

District 01A
Kittson, Marshall, Pennington and
Roseau Counties



Minnesota House of Representatives

COMMITTEES:

VICE CHAIR, ENVIRONMENT AND NATURAL RESOURCES POLICY AND FINANCE
AGRICULTURE FINANCE
JOB GROWTH AND ENERGY AFFORDABILITY POLICY AND FINANCE

August 4, 2016

Executive Secretary Daniel P. Wolf
ATTN: Chair Beverly Jones Heydinger
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101

Docket No. E-999/PR-16-09
Docket No. E-121/CG-16-240
Docket No. E-124/CG-16-241
Docket No. E-999/CI-16-512

Dear Mr. Wolf,

I am writing to share my thoughts regarding the Commission's interpretation of the provisions added to Minnesota Statutes § 216B.164 Subd. 3(a) during the 2015 legislative session.

As the chief House author of the language included in the final version of HF 3 (2015 1st Special Session), I hope that you will find my intentions on this legislation helpful in your deliberations going forward. I will speak on behalf of my House colleagues, with whom I worked on drafting the final language.

The intent of the provisions was to make clear the right of cooperative electric and municipal utilities to recover the costs of serving self-generating customers. As more customers have taken advantage of "net metering," utilities have increasingly struggled to recover their fixed costs of operating the grid and providing back up power and other services.

The intention of the language was not to give the PUC a vehicle to impose rate regulation on consumer-owned and locally-governed utilities. Rather, the intention of the language was to allow currently unregulated cooperatives and municipal utilities to determine the amount required to recover their costs for providing access to the electrical grid. Understanding the distinctions between the regulation of investor-owned utilities and that of consumer-owned utilities, we anticipated that any disputes arising from this new language would be resolved by local boards, commissions, and councils, not by state agencies. In fact, any mention of the Commission and the Department of Commerce was consciously omitted from the new language.



In your June 27, 2016 Order in this Docket, you cite from the language included in Subd. 1 of the 216B.164 statute,

This section shall at all times be construed in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production *consistent with* protection of the ratepayers and the public. (emphasis added)

In drafting the new language, it was my strong intention to rebalance the relationship between the state's aggressive efforts to promote small renewable power and basic fairness to ratepayers. Further, the public, in general, has an interest in insuring that the power grid is reliable, adequately funded, and paid for by all of its users.

I strongly disagree with your interpretation of our bipartisan language, and hope that the legislature will not need to include a specific Commission nonjurisdiction clause in every sentence added to statute in the future.

Sincerely,

A handwritten signature in black ink that reads "Dan Fabian". The signature is written in a cursive, slightly slanted style.

Representative Dan Fabian
District 1A

CC: Nancy Lange (Vice-Chair)
Dan Lipschultz (Commissioner)
Matt Schuerger (Commissioner)
John Tuma (Commissioner)