

November 8, 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. E114,E264/SA-18-639

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 Lakefield Public Utilities and Federated Rural Electric Association for Approval of a Service Territory Transfer Agreement.

The Petition was jointly filed October 10, 2018 by:

Lakefield Public Utilities, City of Lakefield
Christophe A. Butzon
Costello, Carson, Butzon & Schmit, LLP
603 Second Street
Jackson, MN 56143

And

Federated Rural Electric Association
Bradley Anderson
The Bradley W. Anderson Law Offices
PO Box 225
Jackson, MN 56143

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The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** the permanent service territory transfer from Federated Rural Electric Association to Lakefield Public Utilities, and is available to answer any questions the Commission may have.

Sincerely,

/s/ DANIEL W. BECKETT
Rates Analyst

DWB/ja
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E114,E264/SA-18-639

I. BACKGROUND

Lakefield Public Utilities, City of Lakefield is an electric municipal utility organized and existing under the laws of the State of Minnesota. Federated Rural Electric Association is an electric distribution cooperative organized and existing under the laws of the State of Minnesota. The parties have a mutual agreement to modify the border between their exclusive service territories.

I. SUMMARY OF PROPOSAL

On October 10, 2018, Lakefield Public Utilities (the Municipal) and Federated Rural Electric Association (the Cooperative), collectively the Parties, jointly filed a petition under Minnesota Statutes Sections 216B.39 and 216B.40, asking the Minnesota Public Utilities Commission (Commission) to modify the Parties' service territory boundaries. This joint request concerns the permanent transfer of an area (Affected Area) consisting of two parts, one recently annexed into the city limits of the Municipal and the other within the assigned service territory of the Cooperative. Additionally, there is a single location within the service territory of the Municipal that the parties acknowledge is a service-by-exception by the Cooperative.

Approval of the Parties' request would permanently transfer the Affected Area from the Cooperative to the Municipal.

II. DEPARTMENT ANALYSIS

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

Exhibit A to the Petition is a map that depicts the boundaries of the Transfer Area and the single location that is to be served by exception. The Affected Area is separated into two parts, the "Annexed Area" and the "Existing Municipal Services Area."

The Annexed Area is a recent extension of the City of Lakefield's corporate boundary and consists of currently undeveloped properties that have been agreed upon by the Parties to

become a permanent part of the Municipal's assigned service territory. No existing customers are affected in this area.

The Existing Municipal Services Area is an area that has been served by the Municipal since its existence but is identified as the assigned service territory of the Cooperative. The Parties have agreed that this area will also become a permanent part of the Municipal's assigned service territory. Customers in this area will not be affected as there will be no change in the electric service provider.

Additionally, a single location exists that is to be a service by exception and which is a three-phase account currently served by the Cooperative within the assigned service territory of the Municipal. The Parties acknowledge that this single location is a service-by-exception. The customer at this location will not be affected as there will be no change in the electric service provider.

B. CUSTOMER NOTICE

The Department notes that, as the transfer of the Affected Area does not impact any existing customers, and the single customer that is within the space to be subject to a service-by-exception will have no change in its electric service provider, there was no formal customer notice sent to any customers within the Affected Area.

C. COMPENSATION

The Department notes that the Parties have agreed on 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 Minnesota Statutes 216B.39 and 216B.40.

III. RECOMMENDATION

The Department recommends that the Commission approve the requested service territory transfer from Federated Rural Electric Association to Lakefield Public Utilities, and approve the Cooperative's service-by-exception to a customer within the Municipal's service area. MnGeo should update the Commission's maps to reflect the service area designations as shown on the map in the Petition.

/ja