

March 19, 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. E229, E017/SA-18-166

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 Detroit Lakes Public Utilities and Otter Tail Power Company for approval of a Service Territory Transfer Agreement between the two utilities.

The petition was filed February 20, 2018 by:

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

and

Bruce Gerhardson  
Vice President of Regulatory Affairs  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls, MN 56537

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve the permanent service territory transfer** from Otter Tail Power to Detroit Lakes Public Utilities, and is available to answer any questions the Commission may have.

Sincerely,

/s/ DALE V. LUSTI  
Financial Analyst

DVL/lt  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E229, E017/SA-18-166

#### I. BACKGROUND

Detroit Lakes Public Utilities (the Municipal), is an electric municipal utility organized and existing under the laws of the State of Minnesota. Otter Tail Power Company (OTP), is a Minnesota corporation and a public utility under Minn. Stat. § 216B.02.

On January 7, 2016, the Minnesota Office of Administrative Hearings approved Ordinance No. 392, which annexed into the City of Detroit Lakes the following real property:

That part of the Northwest Quarter of the Southwest Quarter in Section 36, Township 139 North, Range 41 West of the Fifth Principal Meridian in Becker County, Minnesota, described as follows:

Commencing at a found P.K. nail which designates the southwest corner of said Northwest Quarter of the Southwest Quarter; thence North 01 degree 35 minutes 34 seconds East 34.77 feet on an assumed bearing along the West line of said Section 36 to the point of beginning; thence continuing North 01 degree 35 minutes 34 seconds East 295.23 feet along the west line of said Section 36; thence South 88 degrees 24 minutes 26 seconds East 33.00 feet to an iron monument; thence continuing South 88 degrees 24 minutes 26 seconds East 297.00 feet to an iron monument; thence continuing South 88 degrees 24 minutes 26 seconds East 330 feet to an iron monument; thence South 01 degree 35 minutes 34 seconds West 252.14 feet to an iron monument; thence continuing South 01 degree 35 minutes 34 seconds West 48.30 feet; North 89 degrees 32 minutes 23 seconds West 631.64 feet to the northeasterly line of the BNSF Railway; thence North 56 degrees 32 minutes 44 seconds West 33.53 feet along the northeasterly line of said BNSF Railway to the point of beginning.

SUBJECT TO an easement for public road purposes for Lemmon road and Highland Drive over, under and across that part of the above tract described as follows:

Beginning at the aforementioned point of beginning; thence North 01 degree 35 minutes 34 seconds East 295.35 feet along the West line of said Section 36, thence South 88 degrees 24 minutes 26 seconds East 33 feet to an iron monument; thence 01 degree 35 minutes 34 seconds West 260.37 feet; thence South 88 degrees 36 minutes 14 seconds East 627.00 feet; thence South 01 degree 35 minutes 34 seconds West 42.22 feet; thence North 89 degrees 32 minutes 23 seconds West 631.64 feet to the northeasterly line of the BNSF Railway; thence North 56 degrees 32 minutes 44 seconds West 33.53 feet along the northeasterly line of said BNSF Railway to the point of beginning of said public road easement, and including the entire road right-of-way of Lemmon Road abutting the above described property.

Contains 4.64 acres more or less.

On November 9, 2016, the Minnesota Office of Administrative Hearings approved Ordinance No. 403, which annexed into the City of Detroit Lakes the following real property:

That part of SE  $\frac{1}{4}$  of the NE  $\frac{1}{4}$  of Section 21-139-41 (Detroit Township), Becker County, Minnesota described as follows:

Commencing at the southeast corner of said Southeast Quarter of the Northeast Quarter; thence North 02 degrees 37 minutes 09 seconds East, assumed bearing along the east line of said Section 21, a distance of 400 feet to the point of beginning; thence continue North 02 degrees 37 minutes 09 seconds East along said east line, a distance of 868.61 feet to the northeast corner of said Southeast Quarter of the Northeast Quarter; thence North 88 degrees 06 minutes 20 seconds West, along the north line of said Southeast Quarter of the Northeast Quarter, a distance of 1019.95 feet to the easterly right of way line of a Township Road; thence South 19 degrees 46 minutes 45 seconds East, along said easterly right of way line, a distance of 403.79 feet to the boundary corner on the east line of State Trunk Highway No. 59; thence south 19 degrees 46 minutes 45 seconds East, along said easterly right of

way line of Trunk Highway No. 59; a distance of 537.05 feet; thence South 88 degrees 35 minutes 23 seconds East; parallel with the south line of said Southeast Quarter of the Northeast Quarter, a distance of 661.52 feet to the point of beginning; containing 16.83 acres. Subject to an easement of public road along the easterly 33 feet of the above described tract. Also subject to utility easements of record.

## **II. SUMMARY OF PROPOSAL**

On February 20, 2018, Detroit Lakes Public Utilities (the Municipal) and Otter Tail Power Company (OTP), 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 two areas as described above, within the city limits of the Municipal and within the assigned service territory of OTP.

Approval of the Parties' request would permanently transfer the Affected Areas from OTP to the Municipal.

## **III. DEPARTMENT ANALYSIS**

### **A. TRANSFER OF THE AFFECTED AREA FROM OTP TO THE MUNICIPAL**

Exhibit A to the Petition is a map that depicts the boundaries of the Transfer Areas. Exhibit B to the Petition contains the two annexation orders (including legal descriptions) for the Transfer Areas as described above. The Transfer Areas encompass a total of 21.47 acres.

The Transfer Areas are generally bare ground, but there is one customer (the county) that is in the process of construction. The Parties have agreed that the Municipal may provide interim service to this customer.

### **B. CUSTOMER NOTICE**

On February 27, 2018, the Municipal provided a one-page informational Customer Notice Letter relating to the transfer of electric service territory from OTP to the Municipal, that was 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 Municipal as the service provider to 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.

**IV. RECOMMENDATION**

The Department recommends that the Commission approve the requested service territory transfer from Otter Tail Power to Detroit Lake Public Utilities. MnGeo should update the Commission's maps to reflect the service area designations as shown on the map in the Petition.

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