

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: June 19, 2014 ** Agenda Item #6

Companies: Interstate Power and Light Company (“IPL” or “Interstate”) and Minnesota Energy Resources Corporation (MERC), together (the “Joint Petitioners”)

Docket Nos. G-001, G-011/PA-14-107

In the Matter of a Request for the Approval of the Asset Purchase and Sale Agreement Between Interstate Power and Light Company and Minnesota Energy Resources Corporation

Issue(s): Should the Commission hold public hearings on IPL’s and MERC’s request?

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Relevant Documents

IPL and MERC’s Petition February 04, 2014
Department of Commerce (Department) Comments April 7, 2014
Office of the Attorney General (OAG) Comments April 7, 2014
IPL and MERC Reply Comments May 9, 2014
OAG Reply Comments May 9, 2014
IPL Informational Filing (Customer Notice) June 6, 2014

The attached materials are workpapers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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Statement of the Issues

Should the Commission hold public hearings on IPL's and MERC's request?

Minnesota Statutes and Commission Rules

Minn. Stat. § 216B.50. Restrictions on Property Transfer and Merger.

Background

On February 4, 2014, Interstate Power and Light Company (IPL) and Minnesota Energy Resources Corporation (MERC) filed a petition requesting approval of the sale of IPL's Minnesota natural gas distribution system and assets, and transfer of IPL's service rights and obligations in Minnesota to MERC.

On February 10, 2014, the Commission issued a Notice of Comment Period.

On April 7, 2014, the Department and the OAG each filed Comments.

On May 9, 2014, IPL and MERC, and the OAG filed Comments.

On May 16, 2014, the Commission issued a Notice of Additional Comment Period setting an Initial Supplemental comment period ending June 13, 2014 at 4:30 pm and a Reply Supplemental comment period ending July 3, 2014 at 4:30 pm.

June 6, 2014, IPL made an informational filing containing the customer notice.

The OAG stated that the proposed sale would increase the rates for both IPL's former customers and MERC's customers. IPL indicated it has not asked for an increase in base rates in approximately 18 years. The Department is still reviewing the proposed sale.

Request for Public Hearings

Office of the Attorney General

The Office of the Attorney General's (OAG's) April 7 Comments included a recommendation that the Commission conduct public hearings in IPL's service territory to allow ratepayers to meaningfully participate in the process.

The OAG noted that Minnesota Statutes section 216B.50 permits public hearings. The OAG stated that it does not anticipate that holding public hearings will resolve the issues that have been raised or excuse the Petitioners from filing a rate case in order to increase rates. It argued that the Commission should hold public hearings because it would provide the best opportunity for ratepayers to comment on the concerns raised by the OAG and other parties and to bring additional concerns to the Commission's attention. There have been no public hearings in this matter thus far, and the parties to MERC's pending rate case will not have the opportunity to present their comments.

IPL and MERC

In their May 9 Reply Comments, IPL and MERC stated that whether to hold a public meeting or hearing in this matter is entirely within the discretion of the Commission. If the Commission would find a public hearing to be necessary, Joint Petitioners would not object to a public meeting in the consideration of the Petition.

Department of Commerce

The Department has not commented on whether to hold public hearings.

Staff Comment

Staff notes that IPL was asked by PUC staff to notify all of its customers that the Commission will be accepting public written comments on the proposed transaction through the end of June. Staff reviewed this notice and IPL mailed a copy directly to all of its customers at the end of May.

As discussed by the OAG and Joint Petitioners, the decision on whether to hold public hearings in addition to soliciting public comments is within the discretion of the Commission. If the Commission decides it would be useful to hold one or more public hearings on IPL's and MERC's request, it may want to ask the Office of Administrative Hearings to conduct the hearing (or hearings) on the Commission's behalf.

Commission Options

Some Commission options are:

- A. Determine that a Public Hearing should be held.
 - 1. Direct Interstate Power and Light to work with the Department, the OAG, and other interested parties to determine an appropriate location(s) and time(s) for the hearing(s).
 - 2. Delegate to the Executive Secretary the authority to approve the appropriate location, time, and public notice for the Public Hearing(s).
 - 3. Request the Office of Administrative Hearings to conduct the Public Hearing(s) on the Commission's behalf. Request a report on the public comments received at the Public Hearing(s).
- B. Determine not to hold public hearings in this case at this time.