



June 5, 2015

Daniel P. Wolf, Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

***Subject: In the Matter of Peoples Cooperative Services dba People's Energy Cooperative – Request for Dispute Resolution with People Energy Cooperative under the Cogeneration & Small Production Statutes and Rules: Docket E-132/CG-15-255***

Dear Mr. Wolf:

The Minnesota Rural Electric Association (MREA) respectfully submits the attached comments in response to the request for comments from the Minnesota Public Utilities Commission (Commission or MPUC) issued by the Commission in the above-referenced docket on May 5, 2015.

MREA represents the interests of the state's 44 electric distribution cooperatives and the six generation and transmission cooperatives that supply them with power. Our member cooperatives are not-for-profit electric utility businesses that are locally owned and governed by the member-consumers they serve.

The Minnesota Rural Electric Association appreciates the opportunity to submit comments in this matter on behalf of the member-owned electric cooperatives across Minnesota.

Sincerely,

/s/ Jim Horan

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Jim Horan  
Director of Government Affairs and Counsel  
Minnesota Rural Electric Association

Enclosure

## **Certificate of Service**

I, Jim Horan, hereby certify that I have this day served copies of the attached document to those on the following service list by e-filing, personal service, or by causing to be placed in the U.S. mail at Maple Grove, Minnesota.

**Docket No. *E-132/CG-15-255***

Dated this 5th day of June, 2015

/s/ Jim Horan

**STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
John Tuma  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

*In the Matter of Peoples Cooperative Services dba People's Energy Cooperative –  
Request for Dispute Resolution with People Energy Cooperative under the  
Cogeneration & Small Production Statutes and Rules*

*PUC Docket Number: E132/CG-15-255*

*June 5, 2015*

**COMMENTS OF THE  
MINNESOTA RURAL ELECTRIC ASSOCIATION**

The Minnesota Rural Electric Association (MREA) respectfully submits the attached comments in response to the request for comments from the Minnesota Public Utilities Commission (Commission or MPUC) issued by the Commission in the above-referenced docket on May 5, 2015.

MREA represents the interests of the state's 44 electric distribution cooperatives and the six generation and transmission cooperatives that supply them with power. Our member cooperatives are not-for-profit electric utility businesses that are locally owned and governed by the member-consumers they serve.

Electric cooperative rates are not designed to deliver profit to shareholders but, to provide the lowest at cost service to our member-owners. As at cost electric service providers, electric cooperatives are uniquely vulnerable to cost shifts between member-owners (customers). There are unique costs required to serve a qualifying facility that are not accounted for in a standard fixed charge. The additional charge levied by People's

Energy Cooperative (PEC) is an effort to collect some of the additional cost of service and reduce the cost shift among member-owners.

Member-owners with interconnected distributed generation create unique costs for an electric cooperative. In order for an interconnected distributed generation facility to function properly, the electric cooperative must monitor the interconnected system, process readings (including incremental information service charges), process purchasing payments, perform maintenance, and complete reporting requirements. None of these additional functions are covered by the electric cooperative's standard fixed charge. The various additional costs identified above are unique ongoing costs associated with these types of interconnected distributed generation facilities. These costs should not be shifted to the remaining member-owners.

The additional cost is based on the actual expense incurred to interconnect, maintain and serve the distributed generation facility. State Statute §216B.164 allows that ongoing costs can be recovered if those costs are unique to the existence of the interconnected system, are not covered by other charges associated with their existing service where the distributed generation system is interconnected, or are not part of a standby fee. Neither Minn. Stat. § 216B.164, nor Minn. Rules, Part 7835.3000, nor the federal Public Utilities Regulatory Policy Act (PURPA), nor the PURPA rules prohibit this additional charge. Both PURPA and Minn. Stat. § 216B.164, subd. 1 acknowledge that cogeneration and small power production are to be encouraged "consistent with protection of rate payers..." Costs attributable to interconnected distributed generation should be paid for by the cost-causing facility.

There is precedence for this additional charge in Minnesota. The MPUC has approved similarly designed charges for the state's investor-owned utilities. Northern States Power Company charges interconnected distributed generation facilities \$3.15 per month for a single phase service and \$6.40 per month for three phase service. Ottertail Power Company charges interconnected distributed generation facilities \$3.70 per month. Interstate Power and Light Company charges interconnected distributed generation facilities \$1.75 per month. Minnesota Power charges interconnected distributed generation facilities \$2.55 per month.

MREA encourages the MPUC to interpret Minn. Stat. § 216B.164 to allow PEC and other electric cooperatives in Minnesota to charge for the additional cost of serving interconnected distributed generation facilities described above. MREA appreciates the opportunity to submit comments on this dispute resolution.

Respectfully submitted,

/s/ Jim Horan

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Jim Horan

Director of Government Affairs and Counsel

Minnesota Rural Electric Association