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Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101

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<b>RE:</b> In the Matter of a Commission Inquiry into the Creation of a Commission Subcommittee under Minn. Stat. §216A.03, Subd. 8	<b>DOCKET NO.:</b> E-999/CI-17- 284 <b>Date:</b> 5/22/2017
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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) issued by the Commission in the above-referenced docket.

MREA represents the interests of the state's 45 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

State of Minnesota  
before the  
Minnesota Public Utilities Commission

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

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In the Matter of a Commission Inquiry into the Creation of a  
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May 22, 2017

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### INTRODUCTION

The Minnesota Rural Electric Association (MREA) represents the state's 45 distribution and 6 generation and transmission electric cooperatives. Electric cooperatives are locally regulated by an elected board of directors pursuant to Minnesota Statute 308A. The role of this locally regulatory board is to balance interests among member-owner groups in setting policies including rates, fees and charges. The local regulatory board is tasked with setting these policies within the law and applicable Minnesota Rules.

MREA sees tremendous value for cooperative utilities in participating in many of the activities of the Minnesota Public Utilities Commission (MPUC). However, the regulatory role of the MPUC over locally regulated cooperative utilities is limited, as state statute acknowledges the critical role locally elected Boards of Directors play in balancing the interests of the member-owners they serve. Excessive duplicative regulation is already adding unnecessary cost to the member-owner of cooperative utilities and the state, putting upward pressure on electricity rates, making it harder for rural people to pay their electricity bills, and impeding economic development. Instead of diminishing these excessive costs, this proposal would clearly and inevitably increase them. It is an unnecessary and costly step in the wrong direction, and MREA believes the Commission should not pursue the idea further.

***Should the Commission establish a subcommittee as outlined in Attachment A that would more quickly move issues forward that are raised in customer complaints or other filings at the Commission?***

No. The subcommittee process outlined in the request for comments appears to be a process to create policies through the interpretation of Minnesota Statutes and Rules. This is inappropriate for non-MPUC regulated cooperative utilities that have already developed policies within Minnesota Statutes and applicable Rules. In fact cooperative utility regulators have already interpreted Minnesota Statutes and applicable Rules in developing policies that address many of the issues raised as examples in the request for comments. This is the appropriate method to set policies for locally regulated cooperative utilities. The suggested subcommittee process would be duplicative and unnecessary for cooperative utilities and their member-owners.

In addition to the duplicative nature of the proposed subcommittee process MREA is concerned about the cost to the member-owners of cooperative utilities. MREA understands that the subcommittee process as outlined in the request for comments would be funded by assessments on utilities involved in the process. The assessment costs have a real impact on the rates of

cooperative utility member-owners. MREA doesn't believe a duplicative subcommittee process is worth the added costs to member-owners of cooperative utilities. Indeed, experience shows that as PUC activity increases it inhibits the ability of locally elected Directors to innovate for, and balance interests of, their members, as it injects direct burdens and increasing uncertainty into their deliberations. MREA is also concerned that the suggested subcommittee would add to the already substantial workload of the MPUC staff and Commissioners while providing no value to member-owners of cooperative utilities.

To the extent the MPUC finds Minnesota Rules need to be changed to address issues raised through consumer or utility complaints, formal rulemaking under Minnesota Statute § 216A.07 Subd. 5 is the appropriate remedy. The formal rulemaking process is fully within the scope of the MPUC and more equitable to all parties, as it is designed to consider broad input and balance interests.

***Is the intention and proposed process for the subcommittee reasonable?***

MREA won't weigh in on whether the process for the subcommittee is reasonable for MPUC regulated utilities. The process for the subcommittee is unnecessary and unreasonable for locally regulated consumer-owned utilities for the reasons discussed above.

***Are there other examples of issues that could be handled by the subcommittee?***

MREA doesn't believe the process for the subcommittee is necessary or reasonable for consumer-owned utilities.

**Conclusion**

MREA appreciates the opportunity to provide comments in this matter. MREA recommends that the Commission not establish a subcommittee to create an additional policy or decision making process. These roles are best reserved for local regulators or as appropriate, the MPUC.

Sincerely,

/s/ Jim Horan

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

**CERTIFICATE OF SERVICE**

I, Jim Horan, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at Maple Grove, Minnesota.

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Minnesota Rural Electric Association

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