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June 5, 2015

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

**RE: PUC Docket No. E, G-001/D-15-284
Five Year Depreciation Study
Our File No. 28303.001**

Dear Mr. Wolf:

These comments are submitted by Southern Minnesota Energy Cooperative (SMEC) in response to the May 29, 2015 MEMO from the Commission. SMEC believes that it is unlikely that information of any significant value would be obtained by requiring a depreciation study by Interstate Power and Light (IPL) concerning the assets being transferred by IPL to SMEC, and does not believe that such a study should be required. SMEC's position is based on three factors.

First, SMEC's retail rates for the first three years following the sale of assets will be fixed at the current retail rates charged by IPL, subject charges based on SMEC's costs for generation (provided by IPL) and transmission services (provided by third parties). Neither IPL's current retail rates nor IPL's FERC rates for generation could be affected by any change resulting from a Minnesota study of IPL's depreciation rates.

Second, a depreciation study by IPL will not affect the Commission's role under the SMEC 5-year rate plan because review of the individual costs included in a CCOSS (including depreciation rates) is not part of the Commission's role. Rather, the Commission's role is limited to a threshold determination that each SMEC member cooperative did perform a meaningful CCOSS, which provides a significant benefit of assuring a solid process that does not require review of the cost inputs to the CCOSS.

Third, even if the Commission had a role as to specific costs in a CCOSS, an IPL depreciation study based on 2014 data would have very limited effect on those costs. There would be a very limited effect because: (i) the 2014 data would be likely to have only limited usefulness in terms of determining 2018 costs; and (ii) IPL will provide to SMEC property records and information as to the transferred assets that will enable each SMEC member

Daniel P. Wolf
June 5, 2015
Page 2

cooperative to conduct any new depreciation studies that it determines appropriate to perform a CCOSS.

Accordingly, SMEC recommends that the Commission not require IPL to perform a depreciation study.

Very truly yours,

FELHABER LARSON



Harold LeVander, Jr.
Attorneys for Southern Minnesota Energy
Cooperative

Hap/kjp
cc: See Attached Service List

CERTIFICATE OF SERVICE

I, Kimberly J. Price, hereby certify that on this 5th day of June, 2015, I served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof in envelopes with postage pre-paid, in the United States mail in St. Paul, Minnesota.

Comments of Southern Minnesota Energy Cooperative

**RE: PUC Docket No. E, G-001/D-15-284
Five Year Depreciation Study**

Dated this 5th day of June, 2015.



Kimberly J. Price

SERVICE LIST

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| Matthew J. | Schuenger P.E. | mjsreg@earthlink.net | Energy Systems Consulting Services, LLC | PO Box 16129 St. Paul, MN 55116 | Electronic Service | No | OFF_SL_15-284_D-15-284 |
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