

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Response of
Wright-Hennepin Electric Cooperative Association
to

Utility Information Request

Docket Number: E148,E228/SA-14-824

Date of Request: December 11, 2014

Requested From: Wright Hennepin Cooperative Electric
Association

Response Due: December 23, 2014

Response Date: December 17, 2014

Analysts Requesting Information: Dale Lusti

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
4	<p>Reference: Amy Jo Gorg's November 23, 2014 Letter to the MPUC MPUC December 10, 2014 Request for Comments</p> <p>A. To participate in the off-peak water heater and air conditioner programs referenced in Ms. Gorg's letter, was she required to purchase specific equipment beyond what a customer would purchase who would not be participating in the referenced off-peak programs?</p> <p>RESPONSE OF WRIGHT-HENNEPIN: Yes.</p> <p>B. If the response to (A) above is yes, what additional equipment is usually required, and at what price?</p>

Response by: Kent D. Mattson

List sources of information:

Title: Attorney

Interviews with Cooperative staff, including Lance Hovland, VP of Energy Distribution and Generation; and Angie Pribyl, CFO; Review of Company records, documents, and policies

Department: Legal

Telephone: 218-736-5493

RESPONSE OF WRIGHT-HENNEPIN: In terms of the type of appliance purchased, Ms. Gorg was not required to purchase any specific equipment as part of her home utility system, except that the appliances participating in the metered off-peak programs must be electric appliances. In terms of specific equipment beyond the appliances themselves, in order to participate in the metered off-peak programs, Ms. Gorg needed to have installed meters and related wiring. Typically, a member like Ms. Gorg would have paid a fee of \$300.00 for a water heater and \$140.00 for an air conditioner for the cost of equipment, wiring, and installation by the Cooperative in order for the appliances to be connected for program participation. However, Ms. Gorg had a different electrician do the installation and therefore did not pay any such costs. Depending on her individual circumstances, Ms. Gorg may have had some additional wiring costs through her electrical contractor as is the case with certain customers participating in the off-peak program after a residence is completed, but oftentimes with new construction, those costs may have been avoided. Wright-Hennepin has no details concerning the specifics of her situation.

- C. To participate in the off-peak water heater and air conditioner programs referenced in Ms. Gorg's letter, is it probable that she paid an additional \$4,000 to install an off-peak water heater and air conditioning system, beyond the amount she would have spent for traditional equipment, just to receive the off-peak water heating and air conditioning savings? Please explain.

RESPONSE OF WRIGHT-HENNEPIN: Based upon the information of which Wright-Hennepin is aware, it is not probable Ms. Gorg would have paid up-front costs of \$4,000.00 to participate in the off-peak program of the Cooperative. Wright-Hennepin can only speculate as to the cost difference of electric appliance versus gas appliance, which would relate only to the water heater, as Wright-Hennepin understands that air conditioners are primarily electric appliances. Wright-Hennepin is not aware of the market cost differences in gas versus electric appliances, but generally understands that there is a price differential; however, to Wright-Hennepin's knowledge, the differential is not material. Wright-Hennepin is not aware of any costs indicating Ms. Gorg incurred \$4,000.00 for participation in the off-peak programs.

- D. Have either Wright Hennepin Cooperative Electric Association, or the Delano Water, Light, and Power Commission offered to reimburse Ms. Gorg for her additional equipment purchases to participate in the referenced off-peak programs?

RESPONSE OF WRIGHT-HENNEPIN: No. Wright-Hennepin does not have any record of Ms. Gorg contacting the Cooperative with any questions or concerns regarding the matters raised in her comment letter dated November 23, 2014. Wright-Hennepin is aware that Ms. Gorg has had communications and meetings with representatives of Delano to try to resolve the situation, but Wright-Hennepin has not been involved. Wright-Hennepin has not offered to reimburse Ms. Gorg any amounts, and instead, Wright-Hennepin would believe that the matter is most appropriately addressed between Ms. Gorg and Delano.

Response by: Kent D. Mattson

Title: Attorney

Department: Legal

Telephone: 218-736-5493

List sources of information:

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5	<p>Reference: Amy Jo Gorg's November 23, 2014 Letter to the MPUC MPUC December 10, 2014 Request for Comments</p> <p>A. Please identify how many of the 208 customers affected by the Transfer Agreement participated in off-peak programs of Wright Hennepin Cooperative Electric Association.</p> <p>RESPONSE OF WRIGHT-HENNEPIN: Wright-Hennepin has identified that there are approximately 96 services which are participating in the load management program, or off-peak arrangements, in the affected territory. Certain of those services may be located at the same property, and so the total of 96 reflects the meters presently in place for those participating in load management programs. Of that amount, 81 services have incurred no charge from Wright-Hennepin to participate in a rate program, and 15 of those may have paid charges for program equipment and installation costs. Also, 14 of the affected customers have security and monitoring accounts in place through a Wright-Hennepin affiliate.</p>

Response by: Kent D. Mattson

List sources of information:

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- B. Have all of the customers identified in response to (A) above, been specifically notified that the Delano Water, Light, and Power Commission will not be offering similar savings in rates as they received for participating in off-peak programs of Wright Hennepin Cooperative Electric Association.

RESPONSE OF WRIGHT-HENNEPIN: Wright-Hennepin notified its members in writing of changes they could anticipate with Delano being the new utility provider, including changes regarding off-peak programs. Delano will have to address with Ms. Gorg any issues relating to removal of the equipment. Wright-Hennepin sent a letter to its members advising them of such changes. A sample of the letter is appended as Exhibit A.

- C. Have either Wright Hennepin Cooperative Electric Association, or the Delano Water, Light, and Power Commission offered to reimburse all other former participants in the Wright Hennepin Cooperative Electric Association off-peak programs for their additional equipment purchases to participate in the referenced off-peak programs?

RESPONSE OF WRIGHT-HENNEPIN: See responses to Question 6(A) and (B) above. Wright-Hennepin has not made any such offers to its members. Based upon the transfer of territory agreement in place with Delano, Wright-Hennepin believes that any such commitment would be the responsibility of Delano.

Response by: Kent D. Mattson

Title: Attorney

Department: Legal

Telephone: 218-736-5493

List sources of information:

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6	<p>Reference: Amy Jo Gorg's November 23, 2014 Letter to the MPUC MPUC December 10, 2014 Request for Comments</p> <p>A. When Wright Hennepin Cooperative Electric Association removes their equipment from Ms. Gorg's home, as referenced in her letter, is it expected that damage will be done to her home's siding?</p> <p>RESPONSE OF WRIGHT-HENNEPIN: As part of the transfer of service territory arrangements, any of the Cooperative's equipment installed at Ms. Gorg's residence is being sold and transferred to Delano. Wright-Hennepin will not be removing any equipment from Ms. Gorg's home as referenced in her letter. Therefore, Delano would have the obligation to address any issues regarding equipment removal.</p> <p>B. If the response to (A) above is yes, will Wright Hennepin Cooperative Electric Association pay the cost to repair her home's siding?</p>

Response by: Kent D. Mattson

List sources of information:

Title: Attorney

Interviews with Cooperative staff, including Lance Hovland, VP of Energy Distribution and Generation; and Angie Pribyl, CFO; Review of Company records, documents, and policies

Department: Legal

Telephone: 218-736-5493

RESPONSE OF WRIGHT-HENNEPIN: As addressed above, Wright-Hennepin will not be responsible to address the equipment at Ms. Gorg's residence, and that will be the responsibility of Delano.

- C. If the response to (B) above is no, who will be responsible for the cost to repair her home's siding?

RESPONSE OF WRIGHT-HENNEPIN: As indicated, Wright-Hennepin believes that Delano would be responsible to address any necessary repair issues.

Response by: Kent D. Mattson

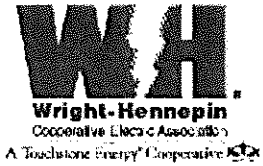
Title: Attorney

Department: Legal

Telephone: 218-736-5493

List sources of information:

Interviews with Cooperative staff, including Lance Hovland, VP of Energy Distribution and Generation; and Angie Pribyl, CFO; Review of Company records, documents, and policies



November 4, 2014

[Redacted]
Delano, MN 55328

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Dear Wright-Hennepin Member,

The Delano Water, Light and Power Commission (hereafter Delano) has signed an agreement with Wright-Hennepin Cooperative Electric Association (hereafter WH) to take ownership of your electric service located at 1204 5th St SW some time later this fall. This letter is to give you the background about this transaction and other changes to your electric service when Delano takes your account.

We want you to know that WH is fundamentally opposed to transferring any member's electric service to another utility. But state law requires electric cooperatives to transfer its members within a city if requested by the local municipal electric utility.

Delano intends to transfer your account to its utility commission pending final Minnesota Public Utilities Commission approval. WH will inform you of the actual transfer date in a separate communication.

Below is important information for you to know when service is transferred to Delano.

Off Peak Programs

If you are a participant in one of WH's money saving Off-Peak programs, please be advised that Delano does not offer a similar program. Consequently, it is possible Off-Peak members will see an increase in the overall price of power when Delano takes your account. At the time of transfer to Delano, WH will disable your Off-Peak receiver so that it will no longer interrupt your heating and/or cooling system.

Outage Reporting

Once Delano takes ownership of your electric service, you will need to report power outages and service repair requests to Delano Water, Light & Power Commission. If you have signed up for WH's free email or text messaged outage notification service, this will no longer be available to you.

Automatic Meter Reading System and MyMeter Web Application

WH has installed automated meter reading technology at your service location. This advanced metering technology allowed you to track daily and monthly energy usage from your personal computer or smart phone using WH's award winning MyMeter web application. This service will no longer be available to you after the transfer to Delano.



Participation in Solar

WH members are eligible to participate in the excitement and satisfaction of producing their own power with solar panels. Our Community Solar program has been heralded by Minnesota political and regulatory leaders, the national press and local community leaders. The opportunity for you to participate in WH's unique solar offering will no longer be available when you become part of Delano.

Capital Credits

As a member of an electric cooperative, all margins (profits) left over after the cost of service are returned to you, the member-owner of WH. We call these "capital credits." Capital credits have been assigned annually to accounts in your name. When your electric service is transferred to Delano, you will have the choice of having your capital credits paid out immediately on a discounted basis in accordance with Board policy or you can elect to receive them later at full value during WH's normal rotation cycle. WH has been returning more than one million dollars per year to our members via capital credits. Capital credits are a unique benefit of membership in an electric cooperative. As a new Delano customer, you will no longer be paid capital credits.

Home Security Service Will Remain

WH Security is a wholly owned subsidiary of WH and we are pleased to note that this service will not be affected by Delano's ownership of your electric service. If you have a WH Security system, it will remain fully functional at the special discounted monthly monitored rate we provide WH electric members. We will continue this special pricing in appreciation for your support of WH while you were an electric member.

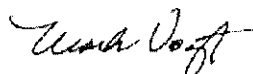
If you are currently not a WH Security customer, but wish to take advantage of the lower member pricing for monitoring service, we will extend the discount to any former WH member who purchases a home security system within 90 days of the electric service transfer to Delano. For more information, please see our WH Security website at www.wh-security.com

Thank You for Your Patronage and Loyalty!

WH regrets the circumstances that require us to turn over your service to Delano. We take pride in providing our members with competitive electric rates, reliable power, valuable products and nationally recognized customer service. We will miss doing that for you. But rest assured that WHI will do everything in our power to work with Delano in coordinating a smooth transition.

If you have questions about the timing or transfer of service to Delano, please feel free to contact WHI's VP of Energy Distribution and Generation, Lance Hovland at (763) 477-3105 (lhovland@whi.org) or Delano Water, Light and Power Commission General Manager Hal Becker at (763) 972-0557 (hbecker@delanomin.us).

Cooperatively,



Mark Vogt
President and CEO