

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

**Katie Sieben
Joseph Sullivan
John Tuma
Hwikwon Ham
Audrey Partridge**

**Chair
Commissioner
Commissioner
Commissioner
Commissioner**

In the Matter of a Formal Complaint by Larry Rauenhorst against Renville Sibley Cooperative Power Association	Docket Nos. E136/C-26-113 COMMENTS
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INTRODUCTION

The Renville-Sibley Cooperative Power Association (“Renville-Sibley”) submits the following comments in response to the Commission’s request for public comment on Larry Rauenhorst’s (“Complainant”) Complaint against Renville-Sibley (“Complaint”).

This Complaint is not properly before the Commission because the Commission does not have jurisdiction over the subject matter of the Complaint under the plain language of the relevant statute, Minn. Stat. § 216B.164. As such, the Commission does not have the necessary authority to investigate this Complaint and there is no basis for further inquiry. Even if the Commission had jurisdiction, which it clearly does not, there are no grounds for the Commission to investigate the Complaint, and it would be contrary to the public interest to do so.

RELEVANT FACTUAL BACKGROUND

A. Renville-Sibley’s Local Democracy Resolution and Adoption of Cooperative Cogeneration Rules Implementing Section 216B.164.

Renville-Sibley is a small member-owned electric cooperative serving approximately 1,564 members in rural Minnesota. (Rauenhorst Ex. F.) Renville-Sibley’s entire operating margin for 2024 was less than \$54,000. (*Id.*) For 2025, it was less than \$30,000.

On December 21, 2017, Renville-Sibley adopted a Local Democracy Resolution in which Renville-Sibley’s board of directors, in accordance with Minn. Stat. § 216B.164, subd. 11, assumed the Commission’s authority and adopted rules implementing Section 216B.164, including a dispute resolution process governing member disputes. (Renville-Sibley Ex. A.) The dispute resolution process adopted in Renville-Sibley’s original rules, effective January 1, 2018, provided that: (1) members should make reasonable efforts to resolve disputes with Renville-Sibley staff before taking a dispute to Renville-Sibley’s board of directors; (2) Renville-Sibley’s board of directors shall provide timely opportunity for any member to bring a dispute before the board for resolution; (3) the board of directors shall weigh the issues and make a determination, which must be recorded in meeting minutes; and (4) if the member and board cannot resolve the dispute, either the member or Cooperative may request mediation, through a process outlined in separate subparts. (Rauenhorst Ex. C § T.)

Effective July 1, 2024, Renville-Sibley adopted new Cooperative Cogeneration Rules Implementing 216B.164 (“2024 Rules”). (Renville-Sibley Ex. B.) The 2024 Rules contained the same dispute resolution process as the 2018 Rules, while also setting forth certain requirements all members must satisfy to interconnect solar facilities with Renville-Sibley’s grid. (*See id.* § A, subp. 6a.) The changes contained in the 2024 Rules aligned with nearly all cooperative electric associations (“cooperatives”) statewide.

On March 27, 2025, at Renville-Sibley’s annual member meeting, Renville-Sibley’s **members voted** to amend Renville-Sibley’s By-Laws by adding a provision allowing a member or Renville-Sibley the **option** to request that disputes relating to the provision of electricity (and other services) be resolved by arbitration **if** such disputes “are not resolved by agreement of the parties.” (Rauenhorst Ex. E.)

B. History of Communications between the Complainant and Renville-Sibley.

In 2022, the Complainant and John Baumgartner, two of the farmers involved in a new agrivoltaics project, approached Renville-Sibley with a business idea to install solar panels in an open field owned by the Complainant within Renville-Sibley's service territory (the "Site"). They indicated that they selected this Site due to its proximity to a nearby electric utility substation.

At that time, the Complainant was not purchasing any energy from Renville-Sibley at any location. Instead, he owned the Site—a vacant field—which did not have an existing or established service with Renville-Sibley. Renville-Sibley was supportive of the agrivoltaic project, participated in several discussions in support of the project, and indicated that despite the lack of any existing service in the vacant field, and despite the fact that the Complainant did not then consume any energy at the Site **or any location on Renville-Sibley's system**, Renville-Sibley was willing to pay the Complainant the avoided cost rate for solar energy produced at the Site in the event the project became operational. The Complainant agreed to the avoided cost compensation arrangement and confirmed he would provide an update once the project was ready to proceed. In the months that followed, Renville-Sibley engaged in numerous conversations related to the Complainant team's project to provide them with requested information, answer their questions, and otherwise assist them as they moved forward with the project.

In or around July 2023, Renville-Sibley worked with the Complainant and his team, which then also included Aaron Busse, to configure the electric service needed at the Site for the stated purpose of exporting energy produced by the solar project back to the cooperative. Renville-Sibley was still, at this point, under the assumption the Complainant remained agreeable to receiving the avoided cost rate for energy produced at the Site given there was no pre-existing service at the Site

and the Complainant was not producing energy for the purpose of offsetting his own consumption at the Site.

In 2023, the Complainant submitted an interconnection application, which he later withdrew. In November 2024, he submitted a new interconnection application (under a different application number) and submitted a new proposed Uniform Contract through the NOVA portal. (Rauenhorst Ex. B.) While he admitted the solar facility “was not offsetting an existing load” (*id.* § 9), he selected the option on the Uniform Contract for the average retail cooperative energy rate for all energy generated at the Site (*id.* § 2). Consistent with the parties’ discussion in 2022 that Renville-Sibley would purchase the energy produced by the solar project at the avoided cost rate, Renville-Sibley did not agree to compensate him at the average retail rate. Accordingly, Renville-Sibley did not agree to or sign the November 2024 proposed Uniform Contract.

In December 2024 and January 2025, the Complainant, as well as Mr. Busse and Rolly Rauenhorst, began raising concerns to Renville-Sibley’s staff and board members. In response, Renville-Sibley encouraged the Complainant to follow the established dispute resolution process which governed disputes between members and Renville-Sibley.

C. History of Dispute Resolution Between Renville-Sibley and the Complainant.

On February 24, 2025, Renville-Sibley’s CEO met with the Complainant and Mr. Busse for a lengthy meeting to attempt to resolve the dispute. They were not able to reach agreement. On February 25, the Complainant, Mr. Baumgartner, and Mr. Busse met with Renville-Sibley’s board of directors, during which time Mr. Busse outlined his position—namely that the Complainant was entitled to be paid the average retail rate for all energy output, despite the fact that he was not consuming energy at the Site for any home or business use and, instead, was seeking to sell the entire solar output at the average retail rate. Mr. Busse (on Complainant’s behalf) maintained that

under Section 216B.164, the Complainant could put a system in an empty field without any existing service, and as long as that system was less than 40 kW, Renville-Sibley would be breaking the law if it did not compensate him at the average retail rate.

Renville-Sibley's board of directors carefully evaluated the Complainant's position, sought outside input, and considered possible compromise options. On March 21, 2025 (less than one month after the board meeting), Renville-Sibley sent the Complainant a letter, which transparently outlined Renville-Sibley's position, explained the anticipated impact that the Complainant's proposal would have on Renville-Sibley's operating margin and its members, and offered to compensate him at a reasonable rate for energy generated from the solar facility. He did not agree. Renville-Sibley then proposed mediation, as part of which Renville-Sibley would have been responsible for 90 percent of the mediation costs, as outlined in the Cogeneration Rules. He did not agree.

In December 2025, the Complainant, represented by Curtis Zaun, commenced a lawsuit against Renville-Sibley, each of its board members (individually), and Renville-Sibley's CEO. On or around February 9, 2026, while the lawsuit was still pending, the Complainant, again represented by Curtis Zaun, filed this Complaint with the Commission.

DISCUSSION

A. The Commission Does Not Have Jurisdiction Over the Subject Matter of the Complaint.

Minnesota law expressly and unambiguously assigns jurisdiction over disputes between cooperatives and their members under Minnesota Statutes Section 216B.164 to cooperative boards of directors in lieu of the Commission. Specifically, Section 216B.164, subd. 11 provides:

Subd. 11. Cooperative electric association. (a) For purposes of this section only, the *term "commission" means the board of directors of a cooperative association* that (1) elects, by resolution, to assume the authority delegated to the Public Utilities Commission over

cooperative electric associations under this section, and (2) adopts and has in effect rules implementing this section. The rules must provide for a process to resolve disputes that arise under this section, and must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented in accordance with paragraph (b). *A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission* under this section.

(b) In the event of a dispute between a cooperative electric association and one or more of its members, either party may request mediation of the dispute only after all attempts to settle the dispute under the cooperative electric association's dispute resolution process have been exhausted. The parties must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of Minnesota's General Rules of Practice for the District Courts. The cooperative electric association shall pay 90 percent of the cost of mediation, and the member or members who initiated the dispute shall pay ten percent of the cost of mediation.

(c) Except as provided in paragraph (d), any proceedings concerning the activities of a cooperative association under this section that are pending at the Public Utilities Commission on May 31, 2017, are terminated on that date.

Minn. Stat. § 216B.164, subd. 11 (emphasis added).

Paragraph (a) of this subdivision makes it unambiguously clear that, for all matters under Section 216B.164, cooperative boards of directors stand in the shoes of the Commission with respect to any cooperative that has adopted the requisite resolution and implementing rules. To remove any doubt about the exclusive jurisdiction of cooperative boards over matters arising under Section 216B.164, this subdivision goes on to state that cooperatives adopting the required resolution and rules are "exempt from regulation by the Public Utilities Commission under this section." This exemption, by its terms, applies to all disputes under Section 216B.164.

As discussed above, in December 2017, Renville-Sibley is a cooperative which, under Section 216B.164, subdivision 11, assumed the Commission's authority and adopted the required rules implementing the statute, including a dispute resolution process. (Renville-Sibley Ex. A.).

Therefore, Renville-Sibley is “exempt from regulation by the Public Utilities Commission under this section,” and the Complaint falls outside the Commission’s jurisdiction.

Renville-Sibley followed its dispute resolution process by meeting with the Complainant, allowing him and his representatives (Mr. Baumgartner and Mr. Busse) to present to Renville-Sibley’s Board of Directors, and then sending the Complainant a letter outlining its position. When the Complainant disagreed, Renville-Sibley offered to participate in mediation. The Complainant declined and instead proceeded to commence a lawsuit. He then, for unknown reasons, filed this Complaint before the Commission. If this Complaint had been pending on May 31, 2017, it would have been terminated under Section 216B.164, subd. 11(c) and there is certainly no credible basis for the Complainant’s claim to Commission jurisdiction now. Accordingly, the Complaint should be dismissed for lack of subject matter jurisdiction under the plain language of Section 216B.164.

B. The Commission Has No Grounds to Investigate the Complainant’s Allegations, and it is Not in the Public’s Interest for the Commission to Investigate his Allegations.

Minnesota Statutes Section 645.16 provides that the letter of the law should not be disregarded “[w]hen the words of a law in their application to an existing situation are clear and free from all ambiguity.” The plain language of Section 216B.164, subdivision 11 could not be more clear or unambiguous: cooperatives such as Renville-Sibley are exempt from Commission regulation with respect to any disputes with their members under Section 216B.164. Therefore, no further inquiry or consideration is warranted or appropriate.

Even if the Commission were to look beyond the statute’s plain text, there is no public interest basis for further Commission investigation of the Complaint. Under Section 216B.164, subdivision 11, Renville-Sibley’s board of directors “assume[d] the authority delegated to” the Commission. The clear purpose of this language is to empower Renville-Sibley’s member-elected

directors to assume the Commission's authority to implement rules and policies that align with and best serve the needs and interests of Renville-Sibley's member-owners.

Consistent with this delegation of power to Renville-Sibley's board, Renville-Sibley's member-elected directors are governed by Minnesota Statutes chapter 308A, which instructs the directors to act "in a manner the director reasonably believes to be in the best interests of the cooperative." Minn. Stat. § 308A.328, subd. 1. Renville-Sibley's board did just that by adopting rules and working with the Complainant to resolve the dispute related to such rules. Specifically, Renville-Sibley evaluated the Complainant's assertion that Renville-Sibley was required by law to compensate him at the average retail rate even though there was no genuine existing load to offset. Renville-Sibley considered whether the Complainant's November 2024 proposed Uniform Application complied with Renville-Sibley's 2024 Rules and determined that it did not. Renville-Sibley likewise evaluated whether and how the Complainant's request for average retail rate would impact rates paid by other cooperative members and, in turn, whether his proposal was in the best interests of the cooperative. It was not. Renville-Sibley also offered mediation under its dispute resolution process, with Renville-Sibley paying 90% of the mediation cost. The Complainant declined.

The Complainant obviously disagrees with Renville-Sibley's decision, but the Commission is not the appropriate or lawful forum for addressing his disagreement. The Complaint is an unfortunate attempt to circumvent Section 216B.164, which clearly and unambiguously exempts Renville-Sibley from Commission regulation on matters arising under that section. As such, the Complaint asks the Commission to investigate a dispute over which it lacks jurisdiction. The Complainant can complete Renville-Sibley's dispute resolution, or pursue

relief in other venues (*e.g.*, his still-pending lawsuit). However, the Commission has no grounds for investigating or deciding the Complaint.

C. There is no established or appropriate procedure to investigate the Complaint because Renville-Sibley is “exempt from regulation” under Minn. Stat. § 216B.164, subd. 11.

The Commission’s last topic open for comment is input as to what procedures should be used in the event the Commission chooses to investigate the Complaint. In short, there is no procedure for exercising jurisdiction over, and investigating, a complaint by a cooperative member against a cooperative under Section 216B.164.

Further, the absence of Commission jurisdiction over the Complaint is so clear and unassailable that there is no need to reach this procedural issue, much less the merits of the dispute. Further inquiry without subject-matter jurisdiction over this matter would be inappropriate. Accordingly, the Complaint should be dismissed without further Commission inquiry or process.

CONCLUSION

Based on the foregoing, Renville-Sibley respectfully requests the Commission dismiss the Complaint because the Commission lacks jurisdiction to investigate or decide the Complaint.

Dated: March 16, 2026

FELHABER LARSON

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Attorney for Renville-Sibley Cooperative Power Association

LOCAL DEMOCRACY RESOLUTION

A Resolution of the Board of Directors of Renville-Sibley Cooperative Power Association
Adopting the Authority of the Minnesota Public Utilities Commission in Minnesota Statute
Section 216B.164

WHEREAS the Minnesota Legislature passed and the Governor of the State of Minnesota signed into law the authority for the boards of directors of cooperative electric associations to assume the authority of the Minnesota Public Utilities Commission in Minnesota Statute 216B.164 during the 2017 Minnesota Legislative Session.

BE IT RESOLVED by the Board of Directors of Renville-Sibley Cooperative Power Association that authority granted by the legislature to the Minnesota Public Utilities Commission over cooperative electric utilities in Minnesota Statute Section 216B.164 is assumed by the Board of Directors of Renville-Sibley Cooperative Power Association as provided in Minnesota Statute 216B.164 Subd. 11(a).

BE IT FURTHER RESOLVED that the Board of Directors of Renville-Sibley Cooperative Power Association are the regulatory commission of Renville-Sibley Cooperative Power Association. Wherein Minnesota Statute 216B.164 the term commission is used, the meaning of commission is the Board of Directors of Renville-Sibley Cooperative Power Association unless there is language expressly to the contrary.

BE IT FURTHER RESOLVED that the Board of Directors of Renville-Sibley Cooperative Power Association have adopted rules and have them in effect on this date implementing Minnesota Statute 216B.164.

BE IT FURTHER RESOLVED that the Board of Directors of Renville-Sibley Cooperative Power Association have on this date, included in rules implementing Minnesota Statute 216B.164, a dispute resolution process as required by Minnesota Statute Section 216B.164 Subd 11(a) and (b).




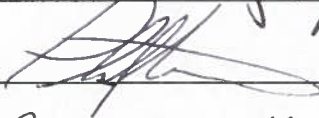


SIGNED AND DATED:

Renville-Sibley Cooperative Power Association Board of Directors

Name

Date

<u></u>	<u>12/21/17</u>
<u>Steve Benson</u>	<u>12/21/17</u>
<u></u>	<u>12-21-17</u>
<u>Gary Peterson</u>	<u>12-21-17</u>
<u>Alan Kinderman</u>	<u>12-21-17</u>
<u></u>	<u>12-21-17</u>
<u></u>	<u>12-21-17</u>
<u>Roger Mastrei</u>	<u>12-21-17</u>
<u>Wayne Zuh</u>	<u>12-21-17</u>

COOPERATIVE COGENERATION RULES IMPLEMENTING 216B.164

A. DEFINITIONS.

Subpart 1. Applicability. For purposes of these rules, the following terms have the meanings given them in this part.

Subp. 2. Average retail cooperative energy rate or average retail rate. "Average retail cooperative energy rate" or "average retail rate" means, for any class of Cooperative member, the quotient of the total annual class revenue from sales of electricity minus the annual revenue resulting from fixed charges, divided by the annual class kilowatt-hour sales. For purposes of determining the "average retail cooperative energy rate" the Cooperative may consider a retail demand rate as a fixed charge and may exclude such annual revenue from the calculation. Data from the most recent 12-month period available must be used in the computation.

Subp. 3. Backup power. "Backup power" means electric energy or capacity supplied by the Cooperative to replace energy ordinarily generated by a qualifying facility's own generation equipment during an unscheduled outage of the facility.

Subp. 4. Capacity. "Capacity" means the capability to produce, transmit, or deliver electric energy, and is measured by the number of kilowatts alternating current at the point of interconnection between a qualifying facility and a Cooperative's electric system during a 15-minute interval period.

Subp. 5. Capacity costs. "Capacity costs" means the costs associated with providing the capability to deliver energy. The Cooperative capital costs consist of the costs of facilities from the Cooperative and the Cooperative's wholesale provider used to generate, transmit, and distribute electricity and the fixed operating and maintenance costs of these facilities.

Subp. 6. Cooperative. "Cooperative" means Renville-Sibley Cooperative Power Association.

Subp. 6a. Member. "Member" means any person, firm, association, or corporation, or any agency of the federal, state, or local government purchasing electricity from the Cooperative to meet their electricity needs at their home or business premise. Membership cannot be established solely for the purpose of interconnecting generation facilities to a Cooperative's system.

Subp. 7. Energy. "Energy" means electric energy, measured in kilowatt-hours.

Subp. 8. Energy costs. "Energy costs" means the variable costs associated with the production of electric energy. They consist of fuel costs and variable operating and maintenance expenses.



Subp. 9. Firm power. "Firm power" means energy delivered by the qualifying facility to the Cooperative with at least a 65 percent on-peak capacity factor in the month. The capacity factor is based upon the qualifying facility's maximum metered capacity delivered to the Cooperative during the on-peak hours for the month.

Subp. 10. Interconnection costs. "Interconnection costs" means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the Cooperative that are directly related to installing and maintaining the physical facilities necessary to permit interconnected operations with a qualifying facility. Costs are considered interconnection costs only to the extent that they exceed the costs the Cooperative would incur in selling electricity to the qualifying facility as a non-generating Member.

Subp. 11. Interruptible power. "Interruptible power" means electric energy or capacity supplied by the Cooperative to a qualifying facility subject to interruption under the provisions of the Cooperative's tariff applicable to the retail class of members to which the qualifying facility would belong irrespective of its ability to generate electricity.

Subp. 12. Maintenance power. "Maintenance power" means electric energy or capacity supplied by the Cooperative during scheduled outages of the qualifying facility.

Subp. 13. On-peak hours. "On-peak hours" means either those hours formally designated by the Cooperative as on-peak for ratemaking purposes or those hours for which its typical loads are at least 85 percent of its average maximum monthly loads.

Subp. 14. Point of common coupling. "Point of common coupling" means the point where the qualifying facility's generation system, including the point of generator output, is connected to the Cooperative's electric power grid.

Subp. 15. Purchase. "Purchase" means the purchase of electric energy or capacity or both from a qualifying facility by the Cooperative.

Subp. 16. Qualifying facility. "Qualifying facility" means a cogeneration or small power production facility which satisfies the conditions established in Code of Federal Regulations, title 18, part 292. The initial operation date or initial installation date of a cogeneration or small power production facility must not prevent the facility from being considered a qualifying facility for the purposes of this chapter if it otherwise satisfies all stated conditions. The qualifying facilities must be owned by the Member.

Subp. 17. Sale. "Sale" means the sale of electric energy or capacity or both by the Cooperative to a qualifying facility.

Subp. 18a. Standby charge. "Standby charge" means the charge imposed by the Cooperative upon a qualifying facility for the recovery of costs for the provision of

standby services necessary to make electricity service available to the qualifying facility.

Subp. 18b. Standby service. "Standby service" means the service to potentially provide electric energy or capacity supplied by the Cooperative to a qualifying facility greater than 40 kW.

Subp. 19. Supplementary power. "Supplementary power" means electric energy or capacity supplied by the Cooperative which is regularly used by a qualifying facility in addition to that which the facility generates itself.

Subp. 20. System emergency. "System emergency" means a condition on a Cooperative's system which is imminently likely to result in significant disruption of service to customers or to endanger life or property.

B. SCOPE AND PURPOSE.

The purpose of these rules are to implement certain provisions of Minnesota Statutes, section 216B.164; the Public Utility Regulatory Policies Act of 1978, United States Code, title 16, section 824a-3; and the Federal Energy Regulatory Commission regulations, Code of Federal Regulations, title 18, part 292. These rules shall be applied in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public.

C. FILING REQUIREMENTS

Annually the Cooperative shall file for review and approval, a cogeneration and small power production tariff with its Board of Directors. The tariff must contain schedules 1 - 5

Subpart 1. Schedule 1. Schedule 1 shall contain the calculation of the average retail cooperative energy rates to be updated annually.

Subp. 2. Schedule 2. Schedule 2 shall contain all standard contracts to be used with qualifying facilities, containing applicable terms and conditions.

Subp. 3. Schedule 3. Schedule 3 shall contain the Cooperative's adopted interconnection process, safety standards and technical requirements for distributed energy resource systems.

Subp. 4. Schedule 4. Schedule 4 shall contain procedures for notifying affected qualifying facilities of any periods of time when the Cooperative will not purchase electric energy or capacity because of extraordinary operational circumstances which would make the costs of purchases during those periods greater than the costs of internal generation.

Subp. 5. Schedule 5. Schedule 5 shall contain the estimated average incremental

energy costs by seasonal, peak and off-peak periods for the Cooperative's power supplier from which energy purchases are first avoided. Schedule 5 shall also contain the net annual avoided capacity costs, if any, stated per kilowatt-hour and averaged over the on-peak hours and over all hours for the Cooperative's power supplier from which capacity purchases are first avoided. Both the average incremental energy costs and net annual avoided capacity costs shall be increased by a factor equal to 50 percent of the Cooperative and the Cooperative's power supplier's overall line losses due to distribution, transmission and transformation of electric energy.

D. AVAILABILITY OF FILINGS.

All filings shall be maintained at the Cooperative's general office and any other office of the Cooperative where rate tariffs are kept. The filings shall be made available for Member inspections during normal business hours. To the extent possible, Cooperative shall supply the current year's distributed generation rates, interconnection procedures and applications on the Cooperative website.

E. REPORTING REQUIREMENTS

Annually the Cooperative shall report to the Cooperative Board of Directors for their review and approval an annual report including information in Subp. 1 – 3. The Cooperative shall still comply with other federal and state reporting of distributed generation to federal and state agencies expressly required by statute.

Subpart. 1. Summary of Average Retail Cooperative Energy Rate. A summary of the qualifying facilities that are currently served under average retail cooperative energy rate.

Subp. 2. Other Qualifying Facilities. A summary of the qualifying facilities that are not currently served under average retail cooperative energy rate.

Subp. 3. Wheeling. A summary of the wheeling undertaken with respect to qualifying facilities.

F. CONDITIONS OF SERVICE

Subpart. 1. Requirement to Purchase. The Cooperative shall purchase energy and capacity from any qualifying facility which offers to sell energy and capacity to the Cooperative and agrees to the conditions in these rules.

Subp. 2. Written Contract. A written contract shall be executed between the qualifying facility and the Cooperative.

G. ELECTRICAL CODE COMPLIANCE.

Subpart 1. Compliance; standards. The interconnection between the qualifying facility and the Cooperative must comply with the requirements in the most recently published edition of the National Electrical Safety Code issued by the Institute of

Electrical and Electronics Engineers. The interconnection is subject to subparts 2 and 3.

Subp. 2. Interconnection. The qualifying facility is responsible for complying with all applicable local, state, and federal codes, including building codes, the National Electrical Code (NEC), the National Electrical Safety Code (NESC), and noise and emissions standards. The Cooperative shall require proof that the qualifying facility is in compliance with the NEC before the interconnection is made. The qualifying facility must obtain installation approval from an electrical inspector recognized by the Minnesota State Board of Electricity.

Subp. 3. Generation system. The qualifying facility's generation system and installation must comply with the American National Standards Institute/Institute of Electrical and Electronics Engineers (ANSI/IEEE) standards applicable to the installation.

H. RESPONSIBILITY FOR APPARATUS.

Subpart 1. Member owned facilities. The qualifying facility, without cost to the Cooperative, must furnish, install, operate, and maintain in good order and repair any apparatus the qualifying facility needs in order to operate in accordance with schedule 3.

Subp. 2. Cooperative owned facilities. The Cooperative shall furnish, install, operate, own and maintain in good working order distribution facilities required for the operation of the qualifying facility. The Cooperative retains ownership of any distribution facilities it furnishes including any additions or modifications to the Cooperative's distribution system to accommodate the qualifying facility regardless of any financial contribution to said facilities by member(s).

I. TYPES OF POWER TO BE OFFERED; STANDBY SERVICE.

Subpart 1. Service to be offered. The Cooperative shall offer maintenance, interruptible, supplementary, and backup power to the qualifying facility upon request.

Subp. 2. Standby service. The Cooperative shall offer a qualifying facility standby service at the Cooperative applicable standby rate schedule.

J. DISCONTINUING SALES DURING EMERGENCY.

The Cooperative may discontinue sales to the qualifying facility during a system emergency, if the discontinuance and recommencement of service is not discriminatory.

K. RATES FOR COOPERATIVE SALES TO A QUALIFYING FACILITY

Rates for sales to a qualifying facility must be governed by the applicable tariff(s) for the class of electric cooperative member to which the qualifying facility belongs or would belong were it not a qualifying facility. Such rates are not guaranteed and may

change from time to time at the discretion of the Cooperative.

L. STANDARD RATES FOR PURCHASES FROM QUALIFYING FACILITIES.

Subpart 1. Qualifying facilities with 100 kilowatt capacity or less. For qualifying facilities with capacity of 100 kilowatts or less, standard purchase rates apply. The Cooperative shall make available three types of standard rates, described in parts M, N and O. The qualifying facility with a capacity of 100 kilowatts or less must choose interconnection under one of these rates, and must specify its choice in the written contract required in part U. Any net credit to the qualifying facility must, at its option, be credited to its account with the Cooperative or returned by check or comparably electronic payment service within 15 days of the billing date. The option chosen must be specified in the written contract required in part U. Qualifying facilities remain responsible for any monthly service charges and demand charges specified in the tariff under which they consume electricity from the Cooperative.

Subp. 2. Qualifying facilities over 100 kilowatt capacity. A qualifying facility with more than 100 kilowatt capacity has the option to negotiate a contract with the Cooperative or any other Minnesota utility or, if it commits to provide firm power, be compensated under standard rates.

Subp. 3. Grid Access Charge. A qualifying facility shall be assessed a monthly Grid Access Charge to recover the fixed costs not already paid by the member through the member's existing billing arrangement. The additional charge shall be reasonable and appropriate for the class of member based on the most recent cost of service study defining the Grid Access Charge. The cost of service study for the Grid Access Charge shall be made available for review by the member of the Cooperative upon request.

Subp. 4. Renewable energy credits. The renewable energy credits for the qualifying facility are the property of the qualifying facility owner unless the qualifying facility owner chooses to assign ownership of the renewable energy credit to a different entity.

M. AVERAGE RETAIL COOPERATIVE ENERGY RATE.

Subpart 1. Applicability. The average retail cooperative energy rate is available only to a Member-owned qualifying facility that:

- a) Has a nameplate capacity of less than 40 kilowatts; and
- b) Will not offer electric power for sale on either a time-of-day basis or roll-over credit basis.

Subp. 2. Method of billing. The Cooperative shall bill the qualifying facility for the excess of energy supplied by the Cooperative above energy supplied by the qualifying facility during each billing period according to the Cooperative's applicable retail rate schedule.

Subp. 3. Additional calculations for billing. When the energy generated by the qualifying facility exceeds that supplied by the Cooperative to the Member at the same site during the same billing period, the Cooperative shall compensate the qualifying facility for the excess energy at the average retail cooperative energy rate.

Subp. 4. One-Mile Test for Multiple Qualifying Facilities.

A. Multiple qualifying facilities of the same generation type (e.g., solar) will be considered a single facility for purposes of determining eligibility for average retail rate compensation if those facilities are:

(1) located within the same one-mile radius; and

(2) owned in whole or part, directly or indirectly through a business entity, by the same member or members as identified by a taxpayer ID or social security number.

B. A member who owns more than one qualifying facility within the same one-mile radius as set forth in Item A of this subpart may elect average retail rate compensation for one of those facilities, provided it would otherwise meet the eligibility requirements for compensation at that rate. The other qualifying facilities within the one-mile radius shall be compensated at the applicable avoided cost rate or at an alternative wholesale rate agreed to between the cooperative and the member.

N. TIME-OF-DAY PURCHASE RATES.

Subpart 1. Applicability. Time-of-day rates are required for qualifying facilities with capacity of 40 kilowatts or more and less than or equal to 100 kilowatts, and they are optional for qualifying facilities with capacity less than 40 kilowatts. Time-of-day rates are also optional for qualifying facilities with capacity greater than 100 kilowatts if these qualifying facilities provide firm power.

Subp. 2. Method of billing. The qualifying facility must be billed for all energy and capacity it consumes during each billing period according to the Cooperative's applicable retail rate schedule.

Subp. 3. Compensation to qualifying facility; energy purchase. The Cooperative shall purchase all energy which is made available to it by the qualifying facility. Compensation to the qualifying facility must be the energy rate shown on schedule 5.

Subp. 4. Compensation to qualifying facility; capacity purchase. If the qualifying facility provides firm power to the Cooperative, the capacity component must be the capacity cost per kilowatt shown on schedule 5 divided by the number of on-peak hours in the billing period. The capacity component applies only to deliveries during

on-peak hours. If the qualifying facility does not provide firm power to the Cooperative, no capacity component may be included in the compensation paid to the qualifying facility.

O. ROLL-OVER CREDIT PURCHASE RATES.

Subpart 1. Applicability. The roll-over credit rate is available only to qualifying facilities with capacity of less than 40 kilowatts which choose not to offer electric power for sale on average retail cooperative energy rate basis, time-of-day basis or simultaneous purchase and sale basis.

Subp. 2. Method of billing. The Cooperative shall bill the qualifying facility for the excess of energy supplied by the Cooperative above energy supplied by the qualifying facility during each billing period according to the Cooperative's applicable retail rate schedule.

Subp. 3. Additional calculations for billing. When the energy generated by the qualifying facility exceeds that supplied by the Cooperative during a billing period, the Cooperative shall apply the excess kilowatt hours as a credit to the next billing period kilowatt hour usage. Excess kilowatt hours that are not offset in the next billing period shall continue to be rolled over to the next consecutive billing period. Any excess kilowatt hours rolled over that are remaining at the end of each calendar year shall cancel with no additional compensation.

P. CONTRACTS NEGOTIATED BY MEMBER.

A qualifying facility with capacity greater than 100 kilowatts must negotiate a contract with the Cooperative setting the applicable rates for payments to the Member of avoided capacity and energy costs.

Subpart 1. Amount of Capacity Payments. The qualifying facility which negotiates a contract under Part Q must be entitled to the full avoided capacity costs of the Cooperative. The amount of capacity payments will be determined by the Cooperative and the Cooperative's wholesale power provider.

Subp. 2. Full Avoided Energy Costs. The qualifying facility which negotiates a contract under Part Q must be entitled to the full avoided energy costs of the Cooperative. The costs must be adjusted as appropriate to reflect line losses.

Q. WHEELING.

Qualifying facilities with capacity of 30 kilowatts or greater, are interconnected to the Cooperative's distribution system and choose to sell the output of the qualifying facility to any other utility, must pay any appropriate wheeling charges to the Cooperative.

R. NOTIFICATION TO MEMBERS

Subpart 1. Contents of Written Notice. Following each annual review and approval

by the Cooperative of the cogeneration rate tariffs the Cooperative shall furnish in the monthly newsletter or through similar notice to each of its members that the Cooperative is obligated to interconnect with and purchase electricity from cogenerators and small power producers.

Subp. 2. Availability of Information. The Cooperative shall make available to all members on the cooperative's website, the interconnection process and requirements adopted by the Cooperative, pertinent rate schedules and sample contractual agreements.

S. DISPUTE RESOLUTION

Subpart 1. Cooperative Dispute Resolution Process. Member(s) should make reasonable efforts to resolve a disputes with Cooperative staff including the Cooperative's General Manager before taking a dispute to the Cooperative's Board of Directors. The Board of Directors shall provide timely opportunity for any member(s) with a dispute to bring the issue(s) to the Board for resolution. The Cooperative Board of Directors shall weigh the issues and circumstances of the case and make a determination on any dispute brought to the Board which must be recorded in the minutes of the meeting. In the event the member(s) and the Cooperative cannot resolve the dispute, either the member(s) or the Cooperative may request mediation as outlined in Subparts 2 and 3.

Subp. 2. Mediator. The Cooperative and the member(s) involved in the dispute must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of the Minnesota's General Rules of Practice for the District Courts.

Subp. 3. Cost Sharing. The Cooperative and the member(s) involved in the dispute shall cost share the expense for a mediator for mediation. The Cooperative shall be responsible for 90% of the mediator's cost and the member(s) who initiated the dispute shall by pay 10% of the cost of the mediator.

T. INTERCONNECTION CONTRACTS

Subpart 1. Interconnection Standards. The Cooperative shall provide the member with a copy of, or electronic link to, the Cooperative's adopted interconnection process and requirements.

Subp. 2 Existing Contracts. Any existing interconnection contract executed between the Cooperative and a qualifying facility with capacity of less than 40 kilowatts remains in force until terminated by mutual agreement of the parties or as otherwise specified in the contract. The Cooperative has assumed all dispute responsibilities as listed in existing interconnection contracts. Disputes are resolved through the process in Section T.

Subp. 3 Renewable Energy Credits; Ownership. Generators own all renewable energy credits unless other ownership is expressly provided for by a contract between a generator and the Cooperative.

U. UNIFORM AGREEMENT.

The form for uniform agreement shall be used between the Cooperative and a qualifying facility having less than 40 kilowatts of capacity is as shown in subpart 1.

Subpart 1. Cooperative Agreement for Cogeneration and Small Power Production Facilities. (see attached uniform contract)