

# Man bites dog

Or in this case, Glencoe Light & Power reduces rates for its electric customers

by Steve Downer

It's a rare electric utility that lowers rates—the Glencoe Light & Power Commission just did.

The Commission owns and operates the electrical generation, transmission and distribution system that serves Glencoe. In February, it approved a one percent overall rate decrease for 2017. Percentage impacts will vary by customer and class.

The utility's goal is to "provide the most reliable and reasonable product we can to our customers," said General Manager Dave Meyer. "We feel we can decrease our margins a little."

The natural fear would be that the decrease would lead to a more significant increase in coming years. But the utility, after much study, believes it can hold the line. No overall increase

es are anticipated in 2018 and 2019. Residential rates remain flat through the study period. Impacts vary year-to-year between small commercial, large commercial and large industrial customers.

Two large industrial customers account for 34 percent of Glencoe's 2017 projected energy consumption. A demand charge will continue to be applied to those customers. As part of its rate adjustment, the utility introduced demand billing for other commercial customers (over 50 kilowatt demand).

It reduced its power cost adjustment.

The monthly customer charge was increased, to better reflect the fixed cost of providing service. Of 100 area utilities surveyed as part of the study, the



Glencoe Light & Power maintains a diversified portfolio, including generation housed in the municipal power plant.

average residential charge was \$11.20 and steadily increasing by nearly \$1 per year. The Glencoe customer charge increases to \$13.40 by 2019. That adjustment better positions Glencoe to

*Glencoe: see page 4 please*

# The RESOURCE

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## Elbow Lake maintains its ties to public power principles

by Steve Downer

The principles that underlie public power are present in every municipal electric utility. They are closer to the surface in some cities. Elbow Lake is one of those places.

Elbow Lake Municipal Power is the second youngest municipal in the state, having been formed in 1957. (Henning is the youngest, with a 1969 birthday.) The people who led the charge to create the municipal were known to those currently operating the utility. The founders were flesh and blood to the people running the Elbow Lake utility, not a picture in a book.

The spirit that animated those people lives on, and is being passed down.

Jeff Holsen is the long-time city administrator. He worked closely with Gerald Walwick and others who were instrumental in selling the concept of public power to the voters, and in governing the utility in its infancy. When discussing those people, now gone, it is clear they had an impact on him.

Holsen is the son of a certified public accountant, and worked as a banker before joining the city. The financial background has been helpful, but he found more than a career working in Elbow Lake.



U.S. Hwy. 59 doubles as the main drag in Elbow Lake. Planning is underway for a re-build of the road next year. This MMUA file photo shows the Grant County courthouse in the center background.

## Ordinary occurrence led Elbow Lake to U.S. Supreme Court

The name Elbow Lake has been woven into America's legal landscape.

It started with an ordinary occurrence. The city contract for street lighting and water pumping came up, in the 1950s. An Otter Tail Power Company representative said there would be an increase in rates. Gerald Walwick, a city councilman, took the lead for the city in negotiations. He not only questioned the rate increase, but proposed the company build a 'white way' street lighting system. Negotiations went nowhere, and the city proposed to build its own municipal electric system.

Early municipal utility supporters included Walwick, former city clerk Harlan Martinson and early commissioners Hank Schroeder and Wyman Schaeffer.

"Anything good has to be sold," Walwick told the MMUA Resource in October 1992. "We did a good job of selling. We had public meetings, where a few of us would come in and explain what we were intending to do."

The city called for a referendum. Seventy-seven percent of the voters were in favor of municipalizing. The city sold \$670,000 worth of bonds to install generators and 'overbuilt'

the Otter Tail system, in 1957.

As a municipal utility, Elbow Lake was entitled to an allotment of federal Bureau of Reclamation hydro power. Otter Tail, however, refused to transmit that power over its lines to the city. That led to a landmark U.S. Supreme Court case—The City of Elbow Lake vs. Otter Tail Power Company.

"We were lucky in having the case that needed trying at the time," Walwick said. "It meant a lot to the cities, and the REAs also. We joined many associations. We had the case and they

*Elbow Lake: see page 7 please*

*Court: see page 6 please*

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## MMUA makes initial comments to MPUC distributed generation workgroup

There is currently no hotter topic in electric utility circles than the interconnection of distributed generation resources (notably solar) with utility distribution systems.

The Minnesota Public Utilities Commission (MPUC) has opened a docket in regards to Generic Standards for the Interconnection and Operation of Distributed Generation Facilities established under Minnesota Statute 216B.1611. Numerous parties, including MMUA, have filed comments.

The MPUC opened the

docket after receiving a request from the "Joint Movants," which includes the Interstate Renewable Energy Council, Fresh Energy and the Environmental Law & Policy Center.

MMUA in its initial comments March 16 noted that if it is the MPUC's intention that city councils and municipal utility commissions in Minnesota do something other than what the Legislature currently requires of them, it will be necessary to tell them what authority requires them to take any particular action.

MMUA said it did not disagree with the concept of updating interconnection standards, but cautioned against a "one size fits all" approach. For example, MMUA pointed out the federal standards identified as a starting point for the proceeding are not intended for the distribution utilities that MMUA represents.

In closing, MMUA said that it "looks forward to working with the participants in developing a model standard that works for all utilities and their customers."

Missouri River Energy Services (MRES) is another municipal entity involved in the process. It stressed safety as the first priority, saying interconnection standards must protect the health and welfare of the public, utility workers and interconnected equipment.

MRES also said the workgroup should strive for interconnection rules that uphold reliability. MRES noted that

safety and reliability are rooted in the stated purpose and directives of the state's interconnection statutes.

Any update should be practical and usable for installers, consumers and utilities, and should recognize the differences between state-regulated utilities, cooperatives and municipal utilities, said MRES.

The Minnesota Rural Electric Association said important groups including the Minnesota Board of Electricity and Fire Department Association were left out of the process, discussed a number of process and technical issues and noted it had "many areas . . . of conflict" with Joint Movants.

In their comments, the Joint Movants agreed with municipal commenters that safety and grid reliability are paramount. Among its numerous other points, Mov-

ants said there were few provisions in their proposal that would require modifications to accommodate variations among Minnesota utilities. If necessary, differences could be addressed in technical standards. Movants did allow that it supports "discussion of options such as allowing smaller utilities . . . to be exempt from filing compliance tariffs until they receive an identified level of applications in their service territory."

Movants expressed the desire that the MPUC establish an every-other-year process to evaluate advancements in practices and significant issues to be addressed, and the establishment of an ongoing technical standards working group.

The first workgroup meeting on the topic was April 7 (after this paper's deadline) in the MPUC's large hearing room.

### Discounted APPA Safety Manuals available

The American Public Power Association (APPA) recently released its updated Safety Manual for an Electric Utility, 16<sup>th</sup> edition. This revised edition is a premier source of information for electric utility safe work practices.

The 16<sup>th</sup> Edition Safety Manual includes the April 2014 OSHA updates to 29 CFR 1910.137 and 29 CFR 1910.269 as well as NESC 2017 updates. APPA has compiled an index of changes showing which sections have had content changes, editorial changes or new parts or sections.

MMUA has made a bulk purchase of the new Safety manual and is making them available to our members for \$24 per book, plus applicable sales tax. We can either ship copies to you (additional shipping charges will be added) or you can have your MMUA safety coordinator deliver them.

Several members have already placed an order through their safety coordinator. For more information, contact rkelly@mmua.org or see the 'Breaking News' section of the MMUA website for an order form link.

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## Public power's message to Congress: Leave tax-exempt financing alone

By Paul Ciampoli

Hundreds of public power officials recently fanned out across Capitol Hill to underscore the vital importance of tax-exempt financing for public power utilities.

Our overriding message to Congress? When it comes to tax reform, Congress should leave municipal bonds alone.

The message was delivered by public power officials from across the country who gathered in the nation's capital for the American Public Power Association's 2017 legislative rally, which ran from Feb. 27 to March 1.

Before members headed off to Washington, D.C., APPA President and CEO Sue Kelly used her blog to offer a preview of rally activities and detail Association priorities for 2017.

At the rally, the Association approved several new policy resolutions including one that calls for the preservation of municipal bond financing. Tax-exempt municipal bonds are critical to power system infrastructure investments and the Association will con-

### Washington Report

tinue to oppose any efforts to tax interest paid on these bonds.

"This is a key issue for us, probably the number one issue that we will be pursuing on Capitol Hill during our legislative rally," Kelly said at a briefing for reporters at the rally on Feb. 28.

"Obviously as units of state and local government, our members use municipal bonds to support and to finance the building of new infrastructure at reasonable rates," Kelly noted.

"It's very important to us that we have continued access to this financing tool as we have for many, many years," Kelly remarked.

"We want to make very clear to our congressmen and senators as we go up to the Hill that tax-exempt financing is very, very key to not only us as public power systems, but to all state and local governments," she said. With

respect to tax reform, the Association is asking that lawmakers "not touch municipal bonds."

At a later point, she noted that as Association members visited congressional offices they were seeking co-signatories to a letter circulating on Capitol Hill that emphasizing that tax-exempt bonds are a very important financing tool and should not be disturbed in any tax reform.

The bipartisan letter from Reps. Randy Hultgren, R-Ill. and C.A. 'Dutch' Ruppersberger, D-Md. was sent to the leadership of the House Ways and Means Committee on March 8. The letter had a total of 156 signatures.

Kelly also noted that there is a Municipal Finance Caucus that has been formed by Hultgren and Ruppersberger "and we are trying to get other members of the House to join that caucus."

Laura Marshall Schepis, the Association's senior vice president, advocacy and communications, said at the press briefing that with more than 600 public power advocates visiting congressional offices,

"many dozens of members of Congress are going to be reminded of stories from their districts about the power of municipal bonds to strengthen communities and create jobs."

#### *Other resolutions approved*

Other resolutions approved at the rally addressed the Endangered Species Act, the Federal Power Act and pole attachments.

The resolutions, which are determined by members and guide the Association's policy positions, were approved by the Association's Legislative & Resolutions Committee.

With respect to the Federal Power Act, the Association is calling on Congress to examine the administration of the act and how environmental policies and technological changes in power generation and delivery are impacting the federal/state role established by the act.

In terms of the Endangered Species Act, the Association supports Congress's efforts to protect endangered species while ensuring responsi-

ble land, resource and water management, but feels that the law is due for Congressional review after more than 25 years to make it workable for all stakeholders.

When it comes to pole attachments, the Association is urging Congress to preserve the federal law giving public power utilities local control over pole attachments and to exempt them from related Federal Communications Commission rules and regulations.

#### *Association priorities in 2017*

Meanwhile, Desmarie Waterhouse, the Association's vice president of government relations and counsel, at the press briefing provided an overview of the Association's priority issues for 2017.

Along with maintaining tax-exempt financing, the Association is focused on preserving the federal power program, protecting against a one-size-fits-all approach to distributed generation, supporting common sense environmental regulatory reforms and maintaining and strengthening industry-government partnerships in the area of grid security.

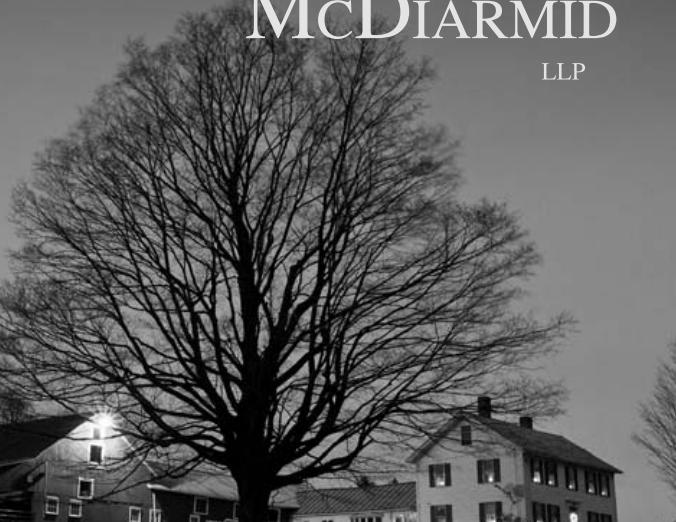
#### *APPA honors Sen. Inhofe*

In other rally-related news, the Association on March 1 presented its Public Service Award to Sen. Jim Inhofe, R-Oklahoma.

The Association noted that during his tenure in the Senate and as leader of the Environment and Public Works Committee Inhofe has focused on issues affecting public power utilities.

He has been particularly vigilant on regulatory overreach by the Environmental Protection Agency and sensitive to the impact on public power utilities, the Association said in a March 1 news release.

Inhofe was also instrumental in introducing the Public Power Risk Management Act, which provides relief for public power utilities that enter commodity swaps to manage risks from fuel and power price fluctuations, the Association noted.

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## Glencoe

*continued from front page*

absorb any influx of distributed generation on its system, but that's not why it was done.

"We're trying to get closer to the actual cost of providing service," Meyer said.

Glencoe is a charter city. The utility commission did not need a concurring resolution from the city council on the rate change, but Meyer did present the study findings and the proposed new rates to the city council. Nobody argued about it.

The rate reduction wasn't a snap decision.

The utility maintains a strong financial position (over six months of operating reserves). It has made a practice in recent years of buying down the impact of the highest monthly power cost adjustments. A rate stabilization fund was discussed, as was the possibility of decreasing rates. Forgiving bills for a month wasn't seriously considered, as it seemed inequitable depending on the size of the customer's bill.

Glencoe Light & Power is a member of Central Minnesota Power Agency Services (CMPAS). The agency was planning a series of cost of service studies for its members. Glencoe pondered action for two years, until it received its study, which was performed by a consultant not affiliated with either Glencoe or the agency.

Reasons given for the reduction included:

- 9 percent load growth in 2015 (mostly from an existing industrial customer) and additional income of more than \$200,000;
- new transmission revenues of \$600,000 per year;
- increased capacity sales revenues; and
- changes to wholesale power contracts with reduced costs.

Those positive developments didn't just fall out of the sky—past decisions bore fruit.

In 2012, the Commission constructed a 4.5-mile long, 115 kilovolt (kV) transmission line and associated substation. This gave the utility two transmission feeds for the first time. Transmission costs in the region have increased substantially, but have been mitigated by the utility's transmission ownership.

It's not the first transmission line Glencoe has built. In 2003, the Commission decided to build a 9.9 mile, 115 kV line. The \$2.3 million line went into service in 2006, freeing the utility from its dependence on an unreliable, 1930s-vintage radial feed.

In 2007, Glencoe Light and Power started taking power from the 3-megawatt, \$4.5 million Spruce Ridge Landfill generating project. Glencoe has a 20-year contract with Waste Management for electrical energy and capacity from the project, which is classified as a renewable resource. It supplies in excess of



This picture, from an MMUA Generation School, shows a small portion of the Glencoe power plant.



The Glencoe Light & Power Commission, from left to right: Dewey Klaustermeier, President John Schrupp, General Manager David Meyer, Secretary Greg Copas, and Vice President Roger Hilgers. Not pictured: Tom Hueser

30 percent of Glencoe Light & Power's needs.

While not currently the cheapest power available, it is a stable supply at an affordable price.

In 1996, Glencoe purchased NSP territory to the north

and northwest of Glencoe, including the city of Biscay. The purchase more than doubled the size of the municipal territory. Power from the landfill generating plant is carried to the municipal system on the line built to serve its electric service area.

Glencoe Light & Power has been in the business since 1938. The municipal electric plant provides backup generation when transmission service fails, or during peak demand periods. Power is generated by multiple diesel-fired and dual fuel-fired reciprocating internal combustion engines. Plant capacity is 36 megawatts. Glencoe can more than meet its own needs—its wholesale power contract does not include a capacity charge.

"We've got a pretty diverse portfolio," Meyer said.

CMPAS allows its members to pick-and-choose which projects they want to buy into. Meyer credits the agency for finding Glencoe a more favorable power supply contract and brokering the sale of its local generating capacity.

In an industry where it is common to have wholesale power costs account for upwards of 70 percent of a utility's expenses, power supply/transmission accounts for 61 percent of Glencoe's projected costs.

The new rates maintain the utility's competitive stance and its financial position is projected to remain strong.

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The City of Keewatin is part of joint powers board that includes the Nashwauk Public Utilities Commission and three townships, that are pursuing a regional pond system to replace aging wastewater treatment facilities. Progress on the project has reportedly stalled, as the state reviews elements of the proposed system.

Because of a broken pipe beneath a clarifier tank in the Keewatin wastewater treatment plant, contents of the tank are being transported to the Grand Rapids facility for treatment, adding to Keewatin's costs.

The cities of Le Sueur and Henderson are partners in the Minnesota River Valley Public Utilities Commission, which operates a wastewater treatment plant for the two cities. The Commission is planning to install an air scrubber to reduce odors coming from the treatment plant in Le Sueur.

The Nashwauk Public Utilities Commission is planning improvements to a pump house, which is crucial to the city's water supply.

The Wadena City Council has approved engineering services and preliminary design of a new electric and water department facility. The construction budget is

## Around the State

about \$2.5 million.

The current utility headquarters is at the corner of U.S. Hwys. 10 and 71. With plans for Hwy. 10 construction in 2019, the building will need to be torn down to make room for the widened highway.

The highway project will include improved storm sewer, city utilities and lighting.

**The Alexandria City Council** has authorized Alexandria Light and Power to call for bids on materials needed to place a portion of the utility's electric distribution system underground. Upon completion of the \$1.6 million project, almost half of the Alexandria electric lines will be underground. The utility invests a similar amount each year, placing lines underground.

**The Hawley Public Utilities Commission** is picking up half the cost of new Christmas lights (5-foot high snowflakes). The lights are LED. The city will pay the other half of the \$10,000 bill.

**Willmar Municipal Utilities** is in the process



Willmar Municipal Utilities is removing a cooling tower at its power plant. Part of a tower is visible in this photo in the left background.

of removing a cooling tower at the power plant. As part of the work, another cooling tower will be improved. The remaining tower can handle cooling requirements of the plant's primary turbine generator. Project cost was estimated at \$350,000. A second generator is not used regularly. Adding a new cooling tower to handle additional cooling needs is being explored.

The Truman city council recently heard a presentation on a proposed solar systems ordinance.

A local business owner recently met with the Brainerd Public Utilities Commission to discuss bringing renewable energy sources to his facility. The site, a former

paper mill, is adjacent to the Commission's hydroelectric plant, and has several acres of roof space. The business owner is exploring wind and solar options.

**The Grand Marais Public Utilities Commission** recently presented a very big lighting rebate check for nearly \$11,000 to the owner of a local gas station. The rebate covered approximately 23 percent of the project cost, which will save an estimated 83,000 kilowatt-hours a year. The customer was enthusiastic about the utility's program.

The Hibbing city council March 8 moved to appoint its city administrator to the five-member Hibbing Public Utilities Commission. The administrator's appointment was to fill an open seat, giving the council time to review applicants for the seat.

Also serving on the recently-expanded commission is the city clerk.

The commission and council held a joint meeting March 14 to review the results of a cost of service of studies for the water, steam, gas and electric utilities, along with financial and organizational management studies.

The Clarkfield city council heard a presentation about joining a solar plant near Hector. According to press reports, Hector, Sibley County, Stewart, Gibbon and Wood Lake have agreed to take output from the plant.

A railroad maintenance truck with its boom extended took out power lines and other poles March 3 in Brookston, west of Duluth. Minnesota Power had to re-string approximately 300-feet of line to restore power.



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sociated facilities to the west and south sides of Rochester. The \$44 million project is designed to enable MERC to meet projected increase in demand from Rochester area

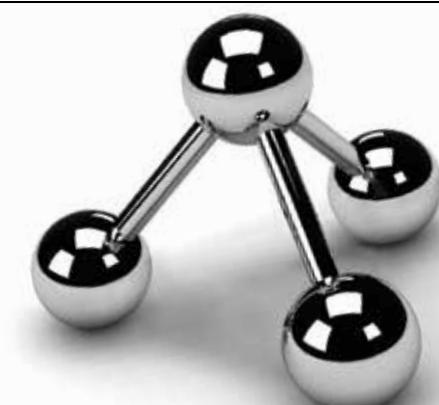
customers. Plans call for the installation of approximately five miles of 16-inch outside diameter (OD) steel pipeline and approximately eight miles of 12-inch OD steel pipeline. The maximum allowable operating pressure will be 500 pounds per square inch gauge (psig), though it is anticipated the 16-inch pipeline will be operated at 400 to 475 psig and the 12-inch line at 250 to 275 psig.

The project was made

necessary by the expanding industrial, population and medical facility growth in and around Rochester.

The project requires a permanent right of way of 50 feet and an additional temporary 50-foot right of way during construction. A new town border station and a new regulator station are planned. The first phase of the project is expected to be completed by the end of 2019; the second phase near the end of 2022.

Twenty-eight public comments were received, including requests for service to rural areas. The route was adjusted to avoid reducing development potential of certain areas.



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## Court:

*continued from front page*

had the money."

After finding that Otter Tail was in violation of the Sherman Anti-Trust Act, the U.S. Supreme Court issued a famous order, compelling the company to wheel power for the city. The city then sued Otter Tail for triple damages. Otter Tail settled out of court for \$1.3 million.

While the case wound its

way through the courts, (the Supreme Court decision did not come until 1973) the city relied on two Fairbanks Morse engines to generate power. Elbow Lake at the time was an island, with no inter-connection with the outside electric grid. The city's electrical needs grew, putting pressure on the local electric plant, but service was maintained throughout. The engines no longer exist in Elbow Lake, however.

As part of the settlement,



The former Elbow Lake municipal power plant is located directly behind this substation. The building is now used by the manufacturer of deer stands. As part of a settlement resulting from the city's win at the U.S. Supreme Court, the engines were removed.

the company, perhaps in spite, insisted on taking the diesels.

"Why they wanted those, I don't know," Walwick said. "Those two engines served us well. I don't know where they went."

Since then, Elbow Lake has grown. Supplemental power needs, over and above the WAPA allocation, are met by the Missouri Basin Municipal Power Agency (now MRES).

The city continued to rise up against monopolies, buying the local telephone exchange and overbuilding the cable TV company, later selling both systems (at a profit) to a local telephone cooperative.

In October 1992, the Elbow Lake commission sent out everybody's bill stamped 'paid.' The free electricity came 25 years after Elbow Lake established its municipal utility. The commission has also maintained its promise that rates would be lower than other providers in the area.



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### EPA withdraws proposed Clean Power Plan rule

EPA Administrator Scott Pruitt March 30 reminded governors that the U.S. Supreme Court imposed a stay on the Clean Power Plan (CPP) — its 2015 final rule setting limits on carbon dioxide emissions from fossil fuel-fired power plants.

In the April 3 *Federal Register*, EPA said it is withdrawing proposed rules (adjunct to the CPP) it issued in 2015: setting federal plan requirements, and creating model trading rules to the Clean Energy Incentive Program.

EPA explained that it was withdrawing the proposed rules in light of President Trump's March 28 executive order to re-evaluate the CPP, and also because the Clean Air Act does not require the agency to finalize the rules, and the court stay removes any deadlines.

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## Elbow Lake

*continued from front page*

The municipal infrastructure has been substantially rebuilt during his nearly three decades as administrator. Main street, like most in Greater Minnesota, has some bright spots but also challenges. Six buildings clustered on a corner were recently razed, with two more slated for demolition. The hope is that Grant County would build a satellite office on the site, a few blocks from the county courthouse. It was time for the buildings to go one way or the other, Holsen said.

The most visible recent improvement is Prairie Ridge Hospital and Health Services, which moved into a new facility in May 2014. The hospital has a long history in the city, dating to the municipal hospital in 1961. The hospital was eventually sold to the county, underwent a number of changes, and has reestablished itself in the city.

Planning is underway for a 2019 re-do of state Hwy. 59 through the middle of the city's commercial district. Sewer and water lines have a lot of useful life left. The existing high pressure sodium lights will be replaced with LEDs, but much detail work remains.

The city, after listening to citizen complaints and being unable to satisfy concerns any other way, built a municipal cable TV system in 1990. It was immediately embroiled in a bitter struggle with Triax, the incumbent provider (which was sold to Mediacom in 1999). The city sold its system to Runestone Telephone Cooperative, which continues to provide telecommunications services, and has plans for a fiber optic system for Elbow Lake within the next five years.

One thing not likely to be resolved soon is the lack of a natural gas distribution system. There are three propane dealers in town. The nearest pipelines are approximately 20 miles away.



### *Utility, city work closely*

Elbow Lake Municipal Power is governed by a three-person utilities commission. Finances are kept separate, but commission and its staff work closely with the city.

The electric utility has two substations. Either can carry the utility's load in the case of emergency. One is located south of the hospital on the east side of the city; the other is on the west side, adjacent to where the original municipal power plant was sited. It was rebuilt in 2007.

Electric Superintendent Darin Grosz, a Grand Forks native, is in his 16th year at the utility. He was a second step apprentice when he

came to Elbow Lake, from a North Dakota cooperative.

"I came for a job and haven't left," he said. He is raising his family and is involved in the community.

Grosz is one of three journeyman linemen employed by the city. As a 'working' superintendent, planning occupies a lot of his time. The city has some big projects coming up. A large grain elevator along with railroad has expanded significantly in recent years and plans to again.

The electric crew typically converts a block of overhead service to underground a year, and has a long-term goal of placing the entire distribution system underground. It

is also in the process of building loop feeds in the industrial park.

Along with planning for the upcoming projects and the on-again, off-again county project, "We have to finish the stuff we started," Grosz said. It's a good crew, by all accounts. Families are in the area. Holsen stays in close touch with the outside crews, and generally goes to the shop for lunch.

"I've got a good thing going here," said Grosz. "I couldn't ask for a better administrator."

He has learned a lot from the people in Elbow Lake. He also expressed his appreciation for the experienced

Elbow Lake City Administrator Jeff Holsen, above left, points out files on his desk, each of which represents a significant improvement in the city. Above: Many of those instrumental in the formation and early operation of the Elbow Lake municipal electric system are pictured in this 1992 photograph. They include, front row, left to right: Harlan Martinson, Gerald Walwick, Wyman Schaffer. Back row, left to right: Don Nelson, Superintendent Ruddi Schei, and Holsen. At left: Electric Superintendent Darin Grosz is mindful of the utility's history, and is intent on carrying forward the vision of those who have gone before him.

*photos by Steve Downer*



Elbow Lake city hall is combined with a number of other city functions, including the library.



The approach into the city on Minn. Hwy. 79, 12 miles west of Interstate Hwy. 94.

## State regulatory agency accepts resource plan filing from municipal agency

The Minnesota Public Utilities Commission (MPUC) on March 30 accepted the Missouri River Energy Services (MRES) Integrated Resource Plan (IRP).

The MRES filing illustrates how decisions taken by others can seriously impact a relatively small municipal entity.

MRES is a not-for-profit joint action agency. It serves 60 members, including 24 Minnesota cities, which account for approximately half of the agency's load. Members typically purchase power supply from MRES to supplement their allocations of

federal Western Area Power Administration (WAPA) hydroelectricity.

In 2015, WAPA transferred functional control of its transmission to Southwest Power Pool (SPP). That split MRES member loads between two Regional Transmission Organizations (RTOs): SPP and the Midcontinent Independent System Operator (MISO).

About 40 percent of the MRES load is within the MISO market, although most of its electric generation is located in SPP. As a result, MRES has surplus capacity

in SPP and is capacity deficient in MISO, through 2031.

Only resources within the same RTO, or that have firm transmission rights between RTOs, may be used to meet the capacity requirements in an RTO. MRES has limited transmission rights between the regions. It is no longer financially feasible, said MRES, for it to purchase transmission across SPP, and it will now be meeting reserve requirements wholly within each system, either MISO or SPP.

### SPP region

While there is surplus capacity for the planning period (through 2031), MRES anticipates the addition of approximately 10 megawatts (nameplate rating) of wind resources (which results in accredited capacity of 1.5 MW of wind) to maintain the targeted amount of renewable resources.

### MISO region

MRES plans to increase its MISO capacity over time to eliminate most or all of its annual auction purchases. The Red Rock Hydroelectric Project is scheduled to become commercially available in 2018. Capacity purchases have been made through 2021, to reduce the capacity deficit to approximately 60 to 70 MW, which can be addressed through annual capacity auction purchases.

To meet the need for additional capacity by 2022, resource modeling called for approximately 168 MW of simple-cycle combustion turbine capacity, along with continued additions of demand-side management (DSM) and conservation.

MRES also said it would continue to assist members with DSM and conservation activities, obtain wind or other renewables as needed, and continue efforts to develop enforceable and workable federal and state policies.

### Move to renewables

The filing, made in June 2016, extensively discussed environmental and regulatory issues. Given the challenges faced by coal resources, MRES said it continues to focus expansion efforts on non-coal resources.

MRES noted that for the past 20 years nearly all energy resource additions (both owned and those acquired under long-term contracts) have been from non-emitting resources or low-emitting natural gas, including over 80 MW of wind, over 30 MW of nuclear, and 140 MW of natu-

ral gas generation.

The MPUC order in the filing is advisory, though it may be considered in regards to future energy facility requests. MRES will make an interim compliance filing to provide information on plans to address the capacity imbalance between SPP and MISO by September 1, 2017.

It was MRES' sixth IRP filing. The law generally requires filings every two years. The last order issued in regards to an MRES filing was in 2012. The next IRP filing is anticipated to be mid-2021.

*MRES generating facilities in SPP include:*

- 282 megawatt share of the Laramie River Station;
- 40 MW Exira Station; and
- 45.9 MW at the Watertown Peaking Plant.

*Resources in MISO include :*

- 106.3 MW of municipal capacity;
- 33 MW purchase from the Point Beach Nuclear Plant;
- 55 MW from the Red Rock Hydro Project (2018); and
- 86 MW of wind capacity.





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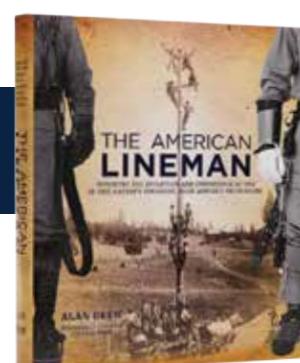
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## Power plant, transmission line certificates, permits subject of rulemaking

A lengthy process to consider possible amendments to rules governing certificates of need and site and route permits for large electric power plants and high-voltage transmission lines took a step forward March 9, as the Minnesota Public Utilities Commission (MPUC) approved the publishing of draft rules in the State Register and taking of comments.

The timeline starts in 2005, when the Legislature transferred authority for siting and routing of large generating plants and high-voltage transmission lines from the Environmental Quality Board to the MPUC.

The MPUC opened a rulemaking to consider amending rules governing certificates of need (Chapter 7849) and site and route permits (Chapter 7850). The rulemaking, according to regulatory documents, "is aimed at updating, improving and clarifying" procedures and incorporating new statutory criteria.

On Dec. 12, 2012, the MPUC published a request for comments in the State Register. An advisory committee was appointed and met approximately once a month between May 2013 and September 2014. A draft of proposed changes was circulated in August 2015.

Among those participating on the committee was joint representation from Rochester Public Utilities, Southern Minnesota Municipal Power Agency, Missouri River Energy Services, Minnkota Power Cooperative, Dairyland Power Cooperative and Otter Tail Power Company.

Certificate of Need items discussed included: Changes to Notice Plan Requirements; Notice Lists; Application Completeness Determination; Process Schedule; Independent Power Producers; Application Content Requirements; Environmental Report Process.

Site and Route Permit items discussed included: Notice Lists, Preapplication Procedures; Public Outreach Meetings; Draft Applications; Process Schedule; Public Information and Scoping Meeting; Development of the Environmental Impact Statement of Environmental Assessment; Prime Farmland; Repeal of Redundant Rules.

The committee agreed on



A process to update rules relating to siting and routing of large generating plants and high-voltage transmission lines started in 2005 and has recently taken steps forward.

some issues; but not on others.

Among the proposed changes:

The draft rule expands the notice provisions to require that notice of the public information and scoping meeting be given to not only persons who signed up to receive notice, but also landowners, public agencies and local and tribal governments.

Current rules prohibit the siting for large power plants on prime farmland, unless there is no feasible and prudent alternative. The draft amends this to permit use of prime farmland for large solar-powered plants if the MPUC approved a farmland mitigation plan developed in consultation with the state Department of Agriculture and if, at the time of application, there is no local zoning

ordinance prohibiting the construction of solar-powered plants on prime farmland.

Two new draft rules govern complaints about permit conditions. Persons involved in a dispute with a permittee can file a complaint, and a local unit of government can file a complaint on behalf of a resident. Also, a permittee is required to file monthly reports with the MPUC that summarize complaints received and update status.

Peak demand and annual consumption forecast would no longer be required, but engineering data would be required. The advisory committee agreed that the rule should be updated to reflect the need for better data that supports a proposed project, including an engineering analysis that includes a base case model, such as a power

flow study.

The draft rule replaces language that requires information on system demand, and firm purchases and sales information with information about the capacity of existing systems to meet increased demand, including information on reserve margins, system capacity, generation owned and purchased, and existing exchange agreements.

A number of steps need

to be taken before the draft rules can be adopted, including, at the end, final MPUC action.

The draft rule requires an applicant to file data on estimated greenhouse gas air emissions and criteria pollutants, on water sources and usage, and on the potential impacts to human health, hydrological resources, ecological resources, and land use.



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## Bits & Pieces



Minnesota Power residential ratepayers will pay a 'surcharge' increasing their bills an estimated 6.5 percent, the Minnesota Public Utilities Commission (MPUC) decided March 9. The surcharge will pay for a 5 percent discount for 11 large industrial customers. Bills for small business and larger commercial customers will increase an estimated 4.5 to 8 percent, based on energy usage.

The surcharges are expected to be revenue-neutral

to the utility.

Minnesota Power continues to have a general rate case in front of regulators, that calls for an average increase of 6.1 percent.

In a less complicated case, the MPUC March 3 granted a 7.4 percent rate increase to Otter Tail power. The MPUC set the company's return on equity at 9.41 percent. The increase is expected to increase revenues by \$14.6 million.

The company said the increase was necessary to recover costs associated with serving its customers, including environmental technologies, infrastructure improve-

ments, and rising costs of providing electricity.

High winds caused widespread power outages in Todd and Wadena counties March 7. Both Minnesota Power and cooperatives reported outages.

That same weather system caused a variety of wind-related damage in Douglas County, and an area electric cooperative reported scattered outages.

The high winds that week also downed trees and power lines along the North Shore. Pierre the Voyager—a statue that has greeted residents and visitors to Two Harbors

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for more than 50 years—lost his right arm and a canoe paddle March 7. The statue is owned by the proprietors of a local inn and restaurant, who vowed to make necessary repairs.

Several thousand electric customers in the area were without power for several days, and investor-owned and cooperative crews worked to restore service to their customers.

The earliest tornado ever recorded in Minnesota occurred this year on March 6 near Big Lake. The EF1 tornado was spotted around 5:50 p.m. and brought winds

over 100 miles per hour. It reportedly stayed on the ground for over eight miles and had a 300-yard wide path. A number of properties sustained damage; nobody was hurt.

The previous record went to a March 18, 1968 tornado north of Truman.

A public meeting for the Red Pine Wind Project was held March 6 at the Ivanhoe VFW. The proposed 200-megawatt project will include 58 to 100 wind turbines spread over 44,657 acres in Lincoln County.

## MMUA joins Hometown Connections marketing network for products and services

LAKWOOD, CO and PLYMOUTH, MN (April 10, 2017)—To help its members obtain management and operations support from a trusted resource, the Minnesota Municipal Utilities Association has joined the marketing affiliate network of Hometown Connections, the utility services subsidiary of the American Public Power Association. MMUA will provide promotional services, explaining how members may access through Hometown Connections discount pricing from the industry's leading

vendors, as well as management consulting support in the areas of organization assessment, strategic planning, governance and customer service training, market research, and workforce solutions.

MMUA represents the interests of Minnesota's municipal electric, gas, and water utilities. The Association will promote Hometown Connections products and services to its member utilities in Minnesota, North Dakota, and South Dakota.

"Our mission is to uni-

fy, support, and serve our member utilities so they can in turn improve service to their customers and communities," said Jack Kegel, Executive Director, MMUA. "By joining the Hometown Connections network of affiliated state associations and joint action agencies, we will help our utilities gain access to a new source for municipal utility management best practices and state-of-the-art products and services. We see Hometown as a unique vehicle for enabling our members to improve their operations, cus-

tomer services, and value to their communities. We look forward to helping the MMUA membership tap into the public power expertise and leadership offered by Hometown Connections staff, affiliates, and vendor partners."

"Hometown Connections is very pleased to partner with MMUA in support of its membership," said Tim Blodgett, President and CEO. "With the Southern Minnesota Municipal Power Agency coming on board recently as a Hometown marketing affiliate, as well as Missouri River Energy Services being a long-time Hometown affiliate, our coordinated partnerships with MMUA, SMMPA, and MRES solidify Hometown's ability to target our products and ser-

vices in ways that meet the needs of public power systems in the mid west and across the United States."

The Minnesota Municipal Utilities Association is a nonprofit corporation representing the interests of the state's more than 125 municipal electric and natural gas utilities. MMUA was formed in 1931 and provides a wide variety of services to its members.

Hometown Connections is the utility services subsidiary of the American Public Power Association, offering public power utilities guidance and access to quality products/services from a trusted entity with public power's best interests in mind.

## MPUC allows Xcel to lengthen billing error payback period

Xcel Energy recently sought, and was granted, a variance from the state's billing error rule, to make a larger refund to a customer than was required.

The customer was double billed for energy usage due to a secondary meter being incorrectly wired at the premise. The company was notified about the error by the customer's electrician on June 23, 2016. The company verified the error.

Apparently, an electrician incorrectly wired a secondary meter to the customer's Current Transformer cabinet.

The electrician wired the secondary meter to the load side of the cabinet, when it should have been wired to the line side of the cabinet. Due to the mis-wiring, two meters were measuring the same electric load, resulting in the customer being double-billed for the energy usage.

The error was confirmed and corrected on July 27, 2016. The company requested crediting the customer back to Feb. 21, 2005, as far back as it had sufficient billing records to calculate the credit.

Because the period over which the error occurred ex-

ceeded the three-year time-frame in the Billing Error Rules, the company sought the regulatory action. The company was obligated to refund \$9,527 but, with the variance, paid out \$21,229.03.

Minnesota Rule 7820.3800 governs errors related to electric bills, and stipulates a payback period of three years before the date of discovery.

Minnesota billing error rules apply to investor-owned utilities, but may be used by municipal utilities as a reasonable guide to billing error issues.

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## Underground School

May 16-19, MMUA Training Center, Marshall

MMUA is pleased to partner with the Minnesota Rural Electric Association and the American Public Power Association (APPA) on this outstanding school. The school will feature a variety of hands-on training in the field, as well as an Advanced Lineworker Class focusing on underground distribution design. Hands-on topics include use of infrared technology, locating, and of course construction, maintenance, repair and troubleshooting. A breakout session will cover splicing and terminations, and general sessions will cover 'Competent Person' training and an introduction to Fault Indicators. Deadline to register is April 24.

## Annual Summer Conference

August 21-23, Madden's Resort, Brainerd

Our Summer Conference offers networking, educational and social time for municipal utility leaders from around the state. The program is still being developed but we will let you know what we have planned soon!

## Overhead School

September 12-15, MMUA Training Center, Marshall

MMUA and our partners—the Minnesota Rural Electric Association and the American Public Power Association—are pleased to offer the 2017 Overhead Lineworker School. The class lineup is under development, but will offer something for all levels of lineworker.

## Spring Education Institute

May 15–19, 2017  
Minneapolis, Minnesota

17 courses in one location!



**MMUA**

