

NOTICE OF COMMENT PERIOD

Issued: *January 31, 2018*

In the Matter of the Appeal of the City Of Proctor Regarding City of Duluth Rates for Water Service under Laws of Minnesota 1993, Chapter 327, Section 22

PUC Docket Number: E-296/C-18-77

Comment Periods: City of Duluth Answer due by February 20, 2018 at 4:30pm
Proctor Response and other comments due by March 1, 2018 at 4:30pm

Comments received after comment period closes may not be considered

Topics Open for Comment:

- Does the Minnesota Public Utilities Commission have jurisdiction over this matter?
- What process and procedures should be used to resolve this matter?
- What information does the Commission need in the record to determine whether the rate for water services offered by the City of Duluth to the City of Proctor is just and reasonable and consistent with Minnesota Laws 1993, Chapter 327, Section 22?
- Are there other issues or concerns related to this matter?

Background:

Minnesota Laws 1993, Chapter 327, Section 22, amended Minnesota Laws 1981, Chapter 354, Section 4. Under these provisions, the local government units of the City of Hermantown, the City of Proctor, or the Town of Rice Lake may appeal to the Public Utilities Commission the rate offered by the City of Duluth for water service. Upon such an appeal, the City of Duluth has 30 days to answer. The Public Utilities Commission is charged with affirming that the rate is just and reasonable and consistent with provisions of the Law, or if it is not, determining a just and reasonable rate. The text of the Law is attached to this Notice.

On January 19, 2018, the City of Proctor filed an appeal of a water rate increase proposed by Duluth, claiming that the proposed rate is not based on a reasonable allocation of the capital, repair, and operating expenses attributable to the service requested by Proctor.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Submit Public Comments: Visit mn.gov/puc, select *Speak Up!* or click [HERE](#) to find this docket, and add your comments to the discussion.

Send U.S. Mail to Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101. Please include the Commission's docket number in all communications.

Full Case Record: See all documents filed in this docket via the Commission's website at mn.gov/puc, select *Search eDockets*, enter the year (18) and the docket number (77), select *Search*.

Subscribe to receive email notification when new documents are filed in this docket at mn.gov/puc, select *Subscribe*, or click [HERE](#) and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff, Kevin O'Grady, at kevin.ogrady@state.mn.us or 651-201-2218; or Marc Fournier, at marc.forunier@state.mn.us or 651-201-2214.

Change your mailing preferences: Email docketing.puc@state.mn.us or call Jamie Eschbach at 651-201-2204.

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

Attachment

Excerpt from Minnesota Laws 1993, Chapter 327 – S.F. No. 1437:

Sec. 22. Laws 1981, chapter 354, section 4, is amended to read:

Sec. 4. [~~HERMANTOWN, PROCTOR, RICE LAKE, AND DULUTH; WATER SERVICE.~~]

Subdivision 1. [DEFINITION.] For the purposes of this section, "local government unit or units" means the cities of Hermantown and Proctor and the town of Rice Lake.

~~Subd. 2.~~ [REQUEST FOR SERVICE.] ~~By September 1, 1981, the city of Hermantown~~ A local government unit shall submit to the city of Duluth a request for water service including the volume of water needed and the number of years for which the service is requested.

~~Subd. 2.~~ ~~3.~~ [CONTRACT OFFER; RATE.] ~~By April 1, 1982, The~~ city of Duluth shall offer a contract to ~~the city of Hermantown~~ a local government unit to provide the service requested by the ~~city of Hermantown~~ local government unit at a rate determined by the city of Duluth. The rate shall be based on a reasonable allocation of the capital, repair and operating expenses of the Duluth water system which are attributable to the water service requested by the ~~city of Hermantown~~ local government unit, including the full cost of any capital construction and repairs required by the volume of service to the ~~city of Hermantown~~ local government unit. The rate for each local government unit shall provide for an amortization of any construction costs reflected in the rate over a reasonable period not to exceed the terms of the proposed contract.

~~Subd. 3.~~ ~~4.~~ [APPEAL TO PUBLIC UTILITIES COMMISSION.] Not later than 90 days after the city of Duluth offers a contract under subdivision ~~2~~ 3, ~~the city of Hermantown~~ a local government unit may appeal the rate determined by the city of Duluth by filing a petition with the public utilities commission. If a petition is filed, the city shall file its answer within 30 days after the petition is filed. The commission, after public notice and hearing, shall determine whether the rate is just and

reasonable consistent with the provisions of subdivision ~~2~~ 3. Not later than 120 days after a petition ~~of the city of Hermantown~~ is filed, the commission shall affirm the rate or, if it finds that the rate is not just and reasonable, determine a just and reasonable rate. The rulemaking and contested case procedures of sections ~~15.0412 14.05~~ to ~~15.0422 14.62~~ shall not apply to any proceeding required by this subdivision.

Subd. ~~4~~ 5. [CONTRACT.] Not later than 90 days after the rate is affirmed or determined by the commission or, if no appeal is taken under subdivision ~~3~~ 4, not later than 90 days after a contract is offered under subdivision ~~2~~ 3, ~~the cities of Hermantown~~ a local government unit and Duluth shall enter a contract for provision of water service by the city of Duluth to the ~~city of Hermantown~~ local government unit. The rate for the service shall be the rate determined by the city of Duluth pursuant to subdivision ~~2~~ 3 or, if the commission has affirmed or determined a rate, the rate affirmed or determined by the commission.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 and 15 are effective the day following final enactment.

Under Minnesota Statutes 1992, section 645.023, subdivision 1, clause (a), section 22 is effective without local approval on the day following final enactment.

Presented to the governor May 17, 1993
Signed by the governor May 20, 1993, 4:23 p.m.

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