

Representative Andrew Falk

1. Minnesota's current net metering laws allow co-op members who install solar and small wind on their property to avoid paying their fair share for the infrastructure required to provide them with electricity when the sun isn't shining or the wind isn't blowing. Those costs are then shifted onto their neighbors. As more rural electric cooperative members add solar and small wind there is cost-shifting onto others. What do you think about Minnesota's current net metering laws? What role should the state play in deciding how electric co-ops address these members' desire to add renewable energy?

Minnesota's net metering law came about because of the federal PURPA (Public Utilities Regulatory Policies Act) law of 1978. This law is not going away at either the state or federal level. I do think this question is worded in a way that presents a false premise. For example, every source of generation, be it renewable or non-renewable, has times when it is not in operation. I am very upset that I as a ratepayer have been asked to pay for the \$437 million dollar GRE Spiritwood power plant that was immediately mothballed after construction. Those costs (and poor planning) have cost shifted huge burdens onto ratepayers.

Even now, with Spiritwood operating to provide steam to the ethanol plant that GRE owns, which I severely question why a public utility should be allowed to be invested in a venture like that, to my understanding, Spiritwood is not operating profitably on the electric generation side and essentially all of the ratepayers are further subsidizing a loss-leader.

Frankly, with respect to net-metering, the best solution, and one that I have proposed to the co-ops and offered to work with them on (even though they have steadfastly refused simply saying their only goal is to repeal net-metering; which again is not going to happen due to PURPA) is to put all of the net-metered projects into the same asset base as all other forms of generation and amortize the costs over the entire installed asset base. This far and away makes the most sense and then does not strand a particular distribution co-op with a net-metered project's cost.

2. Co-ops exist because people in rural areas worked together to form non-profit organizations to serve rural Minnesotans. Now, third party companies have become more active in trying to operate within cooperative territories. These third party companies are looking to take the most profitable customers and leave the cost of maintaining the grid in the rural areas of Minnesota to fewer and fewer rural residents. How do you believe situations with third party companies should

be handled?

This is kind of a Catch 22 scenario. The same interests who advocate that they want more competition from all forms of generation in opposition to renewable energy or energy efficiency standards are also advocating against competition when it comes to serving customers. As more community-based and dispersed generation options and technologies become available, I do not see this issue going away. There are no easy answers

Current statute limits third party companies to providing electrical service to 24 customers before being regulated as a utility. I do think that some of these decisions are best left to the Public Utilities Commission (PUC), which has a much more extensive history in dealing with these kinds of disputes than in the Legislature. I do recognize that only the Legislature can change statute, and perhaps that needs to be done in this section of law. However, any changes made should further employ the resources of the PUC because ultimately they are better equipped to weigh who is allowed to compete for customers and service territories and ultimately which utility is left with the stranded costs of maintaining the distribution resources.

3. The Minnesota Legislature has implemented or increased mandates of certain renewable generation sources while electric cooperatives have continued to integrate and increasing amount of renewable energy into our generation mix. We have also helped consumers save money by teaching them ways to lower their individual demand for electricity. Do you support state mandates on renewable energy and conservation? What role do you think the state should play in determining the mix of energy used by electric co-ops?

Yes. I support standards that encourage increased efficiency and use of renewable energy. These standards help ensure that our long-term energy security is on stronger footing.

4. Minnesota leads the country in the number of stray voltage cases landing in courts. Minnesota has seen an increasing number of questionable cases brought to court due to the increase in consultants looking to benefit financially from a lawsuit. How do you believe these issues should be addressed in Minnesota? What qualifications should people who testify on stray voltage cases have?

Frankly, I'm open to solutions that both sides can agree to - utilities and livestock producers. In reality, we have three co-equal branches of government: legislative, executive, and judicial. One branch of

government may not infringe upon the powers and decision-making abilities of the others. This issue is squarely before the judicial branch of government. I don't believe that I should decide who can or cannot appear before a judge. Furthermore, the judge has the responsibility to determine which qualifications a witness may or may not have.

5. In the case of natural disasters, municipal utilities are entitled to a state match during FEMA-declared disaster to help repair damage to electric lines and infrastructure. Co-ops have access to state funds, but only through an application process with their county office that is not guaranteed. What role should the state play in helping rural electric co-ops turn the lights back on after natural disasters?

Municipal power agency's do not pay patronage dividends. The reason why Investor-owned utilities (IOU) and electric co-ops are not eligible for these resources is because they pay money to shareholders. If the State of Minnesota were to appropriate money directly to an IOU or a Electrical Co-op in response to a disaster and that entity makes a shareholder distribution, then the State of Minnesota has directly paid money to a private interest. The question is then raised, why didn't the IOU or the electric co-op use their existing cash to pay for the damage themselves and not pay the shareholders. As long as electric cooperatives continue to pay patronage dividends (return cash) to their members, the State of Minnesota will expect them to be responsible for covering their portion of disaster-related expenses.