



minnesota power / 30 west superior street / duluth, minnesota 55802-2093 / 218-723-3907 / www.mnpower.com

Bethany M. Owen – attorney
fax 218-723-3955
e-mail bowen@allete.com

June 12, 2003

Via Federal Express

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
Suite 350 121 East Seventh Place
St. Paul, MN 55101-2147

Re: In the Matter of ALL ELECTRIC COMPANIES
Establishing Generic Standards for Utility Tariffs
for Interconnection and Operation of Distributed
Generation Facilities Under MN Law 2001, Chapter 212
Docket No. E999/CI-01-1023

Dear Dr. Haar:

Enclosed to the Commission for filing are an original and fifteen copies of Minnesota Power's Initial Comments on the Process document contained in the Department's Phase II Report of the Technical Standards Workgroup, together with an Affidavit of Service upon all parties of record.

Very truly yours,

Bethany M. Owen

Enclosures

c: Per Attached Service List

STATE OF MINNESOTA)
)ss.
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
FEDERAL EXPRESS AND
FIRST CLASS MAIL

Geraldine Peterson of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 12th day of June, 2003, she served Minnesota Power's Initial Comments on the Process Document Included in the Phase II Report of the Technical Standards Workgroup to Burl Haar, Kathy Aslakson and Julia Anderson via Federal Express. The persons on the attached Service List were served a copy via First Class Mail.

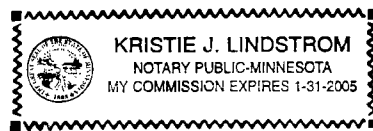
Geraldine Peterson

Geraldine Peterson

Subscribed and sworn to before me
this 12th day of June, 2003.

Kristie J. Lindstrom
Notary Public

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

In the Matter of All Electric
Companies Establishing
Generic Standards for Utility
Tariffs for Interconnection and
Operation of Distributed
Generation Facilities
Under MN Law 2001, Chapter 212

Docket No. E999/CI-01-1023

**MINNESOTA POWER'S
INITIAL COMMENTS ON THE
PROCESS DOCUMENT INCLUDED
IN THE PHASE II REPORT OF THE
TECHNICAL STANDARDS
WORKGROUP**

I. INTRODUCTION

Minnesota Power actively participated in the Technical Standards Workgroup assembled by the Department of Commerce in connection with the above-referenced docket. The Workgroup participants worked diligently to develop the Phase II Report of the Technical Standards Workgroup ("Report") as submitted by the Department to the Minnesota Public Utilities Commission on May 22, 2003.

On June 5, 2003, Minnesota Power filed its initial comments on the Report including the proposed draft of the "State of Minnesota Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities" ("Interconnection Agreement"). In that filing, Minnesota Power stated that it would also file comments on the proposed draft of the "Interconnection Process for Distributed Generation Systems" ("Interconnection Process") before the Reply Comment period, to ensure that parties had sufficient time to review and reply to those comments.

As Minnesota Power stated in its June 5 comments, we believe that the Technical Standards Workgroup achieved resolution of many of the difficult yet important issues raised in this docket. The Report reflects the Workgroup participants' general agreement on many of the difficult technical, administrative and procedural issues raised in the docket.

In this filing, Minnesota Power submits comments intended to minimize definitional and other inconsistencies between the Interconnection Process document and the Interconnection Agreement, and to delete provisions that are addressed specifically in the Interconnection Agreement.

II. REVISIONS TO THE INTERCONNECTION PROCESS DOCUMENT

Minnesota Power has identified the following issues and revisions, which should be addressed in the final version of the Interconnection Process document:

- (1) To promote consistency among the defined terms set forth in the Interconnection Process document and the Interconnection Agreement, the term "Applicant" should be replaced with "Interconnection Customer" throughout the document; and the definition of "Applicant" should be deleted from the list set forth in the "Definitions" section.
- (2) The defined term "Generation Interconnection Coordinator" (rather than "Area EPS Operator") should be used throughout the document whenever referring to the coordination of information exchange between the Interconnection Customer and the Area EPS Operator.
- (3) The defined term "Area EPS Operator" should be used when referring to the utility that operates the electric power system, and the term "Area EPS" should be used when referring to the electric power system itself.
- (4) The terms "Party" and "Soft Loading Transfer" should be included in the list of definitions in the General Information section. In addition, once the documents are finalized, it may become necessary to add other definitions to this list.
- (5) The additional information related to the "Area EPS Generation Interconnection Coordinator" in Subsection C on page 3 of 20 should be incorporated in the definition of "Generation Interconnection Coordinator" in the definitions list.

- (6) For ease of reference, the information relating to “Engineering Studies” contained in subsection D on page 4 of 20 and on Appendix D should be consolidated in one place in the Interconnection Process document.
- (7) The “Insurance” and “Non-Warranty” paragraphs on page 5 through 7 of 20 should be deleted because the Interconnection Agreement already includes these provisions in Sections XI and XII(I), respectively.
- (8) The paragraph immediately below the chart on page 9 of 20 should be clarified to read:

“This application fee is to contribute to the Area EPS Operator’s labor costs for administration, review of the design concept and preliminary engineering screening for the proposed Generation System interconnection. Notwithstanding the foregoing, the Interconnection Customer will be responsible for all actual costs, including but not limited to labor costs, associated with the engineering studies related to the Interconnection Customer’s request to interconnect the Generation System.”

The addition of the second sentence above is especially important given the fact that Exhibit B to the Interconnection Agreement assumes that the Interconnection Customer has already paid for the engineering studies.

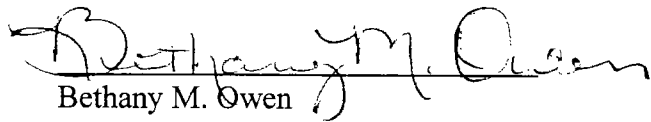
- (9) Subsection 5 of “Step 5” (page 11 of 20) references “Distributed Generation distribution constrained credits” and subsection 3 of “Step 7” (page 12 of 20) references “Distributed Generation Credit amount(s).” The Rate Workgroup in this docket addressed the issue of “credits.” The terms used in these two subsections of the Interconnection Process document should be replaced with the specific term “distribution credits,” the scope and definition of which are set forth in section III(H) of the consolidated comments of Dakota Electric Association, Interstate Power and Light Company, Minnesota Power, Northern States Power Company d/b/a Xcel Energy and Otter Tail Power Company, filed in this docket on March 21, 2003.
- (10) To minimize potential confusion, all definitions should be identical and all defined terms should be used consistently throughout the Interconnection Agreement and the Interconnection Process document.

III. CONCLUSION

Minnesota Power respectfully submits its comments and requests that the Commission adopt the identified revisions to the Department's proposed Interconnection Process document.

Dated: June 12, 2003

Respectfully submitted,

A handwritten signature in cursive script, reading "Bethany M. Owen".

Bethany M. Owen
Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802
218-723-3907