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PUBLIC DOCUMENT  
TRADE SECRET DATA HAS BEEN EXCISED

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October 10, 2016

Mr. Daniel P. Wolf, Executive Secretary  
MN Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

Re: In the Matter of a Petition for Approval of an Amended and Restated Electric  
Service Agreement Between United States Steel Corporation and Minnesota Power  
Docket No. E015/M-16-\_\_\_\_\_

Dear Mr. Wolf:

Enclosed for filing with the Commission please find Minnesota Power's Petition for Approval ("Petition") of the Electric Service Agreement Between United States Steel Corporation and Minnesota Power (the "Agreement").

Certain portions of the Petition and the Agreement include trade secret information and are marked as such, pursuant to the Commission's Revised Procedures for Handling Trade Secret and Privileged Data, which procedures further the intent of Minn. Stat. §13.37 and Minn. Rule Part 7829.0500. As required by the Commission's Revised Procedures, a statement providing the justification for excising the Trade Secret Data is attached to this letter.

In accordance with Minn. Rule Part 7829.1300, Minnesota Power has included a Summary with this filing. As reflected in the attached Affidavit of Service, the Summary has been served on all parties on the service list utilized by Minnesota Power for Large Power contract filings.

If you have any questions regarding this letter, please do not hesitate to contact me at the number above.

Yours truly,

A handwritten signature in black ink that reads "David R. Moeller".

David R. Moeller

DRM:sr  
Attach.

## STATEMENT REGARDING JUSTIFICATION FOR EXCISING TRADE SECRET INFORMATION

Pursuant to the Commission's revised Procedures for Handling Trade Secret and Privileged Data in furtherance of the intent of Minn. Stat. 13.37 and Minn. Rule Part 7829.0500, Minnesota Power has designated portions of the attached Petition and exhibits thereto as Trade Secret.

The Petition describes the Electric Service Agreement between Minnesota Power and United States Steel Corporation. This Agreement contains terms and conditions that are materially sensitive to Minnesota Power (due to the specific price and rate identification for electric service to this Large Power customer) and contains Minnesota Power's unique methods, techniques and process for supplying electric service to United States Steel Corporation. The information regarding specific energy pricing methods and process Minnesota Power utilizes to provide its services, combined with the identification of levels of energy usage, is valuable commercial information to both Minnesota Power and United States Steel Corporation, and because of the intensely competitive marketplace United States Steel Corporation operates in, this information is also confidential and Trade Secret to United States Steel Corporation. Minnesota Power and United States Steel Corporation follow strict internal procedures to maintain the secrecy of this information in order to capitalize on the economic value of the information. Potential competitors of both parties would gain a commercial advantage if this information was publicly available, with severe competitive implications resulting.

Minnesota Power believes that this statement justifies why the information excised from the attached report should remain a trade secret under Minn. Stat. §13.37. Minnesota Power respectfully requests the opportunity to provide additional justification in the event of a challenge to the trade secret designation provided herein.

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

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Docket No. E015/M-16-\_\_\_\_\_

In the Matter of a Petition for Approval of  
an Amended and Restated Electric Service  
Agreement Between United States Steel  
Corporation and Minnesota Power

**PETITION OF  
MINNESOTA POWER**

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**SUMMARY OF FILING**

Minnesota Power has filed a Petition for approval of an Amended and Restated Electric Service Agreement (“Agreement”) that extends Minnesota Power’s existing electric service agreements with United States Steel Corporation (“US Steel”). The Agreement provides for US Steel’s commitment to purchase all of its electric service requirements for US Steel’s Minntac and Keetac facilities from Minnesota Power through at least December 31, 2021. In addition, the Agreement further optimizes the operating synergies between the two US Steel facilities. Finally, the Agreement provides US Steel with additional operating flexibility and cost reduction potential through modified nomination, maintenance shutdown and energy efficiency provisions. The Petition describes the Agreement and summarizes the benefits to both parties.

**STATE OF MINNESOTA  
BEFORE THE  
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Docket No. E015/M-16-\_\_\_\_\_

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**I. BACKGROUND**

Minnesota Power is filing this Petition for Approval of an Amended and Restated Electric Service Agreement (“Agreement”) with United States Steel Corporation (“US Steel”). As explained in detail in Section III below, the Agreement reflects the commitment from US Steel to purchase all electric service requirements for both of its facilities from Minnesota Power through at least December 31, 2021.

Minnesota Power currently serves the two US Steel facilities under a combined electric service agreement dated June 10, 2005 (the “2005 Agreement”) approved by the Minnesota Public Utilities Commission (“Commission”) in Docket No. E015/M-05-1175 and that was effective November 1, 2008. Under the 2005 Agreement, Minnesota Power has been servicing all of US Steel’s electric power and energy requirements at the existing Mountain Iron and Keewatin, Minnesota taconite mining, processing and production facilities (collectively as “Minnesota Ore Operations”). Before the combined electric service agreement, Minnesota Power and US Steel had previously entered into an amended and restated electric service agreement dated August 30, 1996, for US Steel’s electric power and energy requirements at its Mountain Iron, Minnesota taconite mining, processing and production facilities (“Minntac”). The Minntac electric service agreement was subsequently approved by the Minnesota Public Utilities Commission

(“Commission”).<sup>1</sup> In connection with US Steel’s acquisition of the former National Steel Pellet Company and its taconite pellet operations, Minnesota Power and US Steel entered into an Amended and Restated Electric Service Agreement dated August 14, 2003, for US Steel’s electric power and energy requirements for its newly acquired Keewatin, Minnesota taconite mining, processing and production facilities (“Keetac”). The key provisions of the electric service agreement with the National Steel Pellet Company were retained in the Keetac agreement. The Keetac electric service agreement was subsequently approved by the Commission.<sup>2</sup> During the same time in 2003, Minnesota Power and US Steel obtained Commission approval of Amendments dated September 8, 2003 to the Minntac and Keetac electric service agreements that allowed joint energy usage between US Steel’s Minntac and Keetac facilities to maximize US Steel’s joint ownership of the two facilities through allocation of Firm Energy.<sup>3</sup>

This Petition identifies and discusses how the provisions in the new Agreement operate and provides the legal and regulatory policy support required for the Commission to find that the Agreement is in the public interest, and that an order approving the Agreement should be issued. Section II of the Petition addresses procedural matters, including the need for trade secret treatment of portions of the Petition and the Agreement. Individual provisions of the Agreement are reviewed and explained in Section III, while Section IV identifies and discusses the benefits that the Agreement will bring to Minnesota Power, its customers, US Steel, and the public.

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<sup>1</sup> *In the Matter of a Request for Approval by Minnesota Power of a New Electric Agreement Between Minnesota Power and USX Corporation*, Order dated December 26, 1996, Docket No. E-015/M-96-1115.

<sup>2</sup> *In the Matter of a Request by Minnesota Power for Approval of an Amended and Restated Electric Service Agreement Between United States Steel Corporation and Minnesota Power*, Order dated November 7, 2003, Docket No. E-015/M-03-1469.

<sup>3</sup> *In the Matter of a Request for Approval by Minnesota Power of an Amendment to the Electric Service Agreement Between United States Steel Corporation and Minnesota Power*, Order dated November 7, 2003, Docket No. E-015/M-03-1513; *In the Matter of a Request by Minnesota Power for Approval of an Amended and Restated Electric Service Agreement Between United States Steel Corporation and Minnesota Power*, Order dated November 7, 2003, Docket No. E-015/M-03-1469.

## II. PROCEDURAL ISSUES

In compliance with Minn. Stat. § 216B.05 of the Minnesota Public Utilities Act and the Commission’s rules promulgated thereunder, Minnesota Power files this Petition for Approval of the Agreement in Minnesota Power’s tariff book in Volume II, Section VII thereunder “Contracts not on Standard Form.” This means that upon Commission approval, the Agreement will become part of Minnesota Power’s tariff book. Minn. Stat. § 216B.05, subd. 2a requires that:

A contract for electric service entered into between a public utility and one of its customers, in which the public utility and the customer agree to customer-specific rates, terms, or service conditions not already contained in the approved schedules, tariffs, or rules of the utility, must be filed for approval by the commission pursuant to the commission’s rules of practice. Contracts between public utilities and customers that are necessitated by specific statutes in this chapter must be filed for approval under those statutes and any rules adopted by the commission pursuant to those statutes.

For this Petition, the customer-specific terms and service conditions under the Agreement are spelled out in Section III.4 Under the Commission’s Rules of Practice and Procedure, filings that do not require a determination of a utility’s revenue requirement constitute “miscellaneous tariff filings” under Minn. Rules 7829.1300, and the Commission has treated all of Minnesota Power’s electric service agreements under the filing requirement, notice and comment provisions of this Rule. Additional information required by Minn. Rule 7829.1300 is provided below.

### A. **General Filing Information**

#### 1. **Summary of Filing (Minn. Rules 7829.1300, subp. 1)**

A one-paragraph summary accompanied the Petition.

#### 2. **Service on Other Parties (Minn. Rules 7829.1300, subp. 2)**

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<sup>4</sup> This Petition is also intended to comply with the Commission’s February 26, 2009 Order in Docket No. E015/M-08-1344).

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rules 7829.1300, subp. 2, Minnesota Power eFiles the Petition on the Department of Commerce – Division of Energy Resources and serves a copy on the Minnesota Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 is being served on all parties on its Large Power Service list.

**3. Name, Address and Telephone Number of Utility (Minn. Rules 7829.1300, subp. 4(A))**

Minnesota Power  
30 West Superior Street  
Duluth, MN 55802  
(218) 722-2641

**4. Name, Address and Telephone Number of Utility Attorney (Minn. Rules 7829.1300, subp. 4(B))**

David R. Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
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(218) 723-3963  
dmoeller@allete.com

**5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rules 7829.1300, subp. 4(C))**

The Petition is being filed on October 10, 2016. Minnesota Power requests that the Agreement be effective on the first day of the calendar month following Commission approval consistent with Paragraph 4(I) of the Agreement. For Minnesota Power's upcoming rate case (Docket No. E015/GR-16-664), the 2017 budget assumes a January 1, 2017 effective date for this Agreement.

**6. Statute Controlling Schedule for Processing the Filing (Minn. Rules 7829.1300, subp. 4(D))**

This Petition is made in accordance with Minn. Stat. § 216B.05 and no statutorily imposed time frame for a Commission decision applies to this filing.

**7. Utility Employee Responsible for Filing (Minn. Rules 7829.1300, subp. 4(E))**

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**8. Impact on Rates and Services (Minn. Rules 7829.1300, subp. 4(F))**

The Petition in and of itself will have no effect on Minnesota Power's base rates, though for purposes of the upcoming rate case (Docket No. E015/GR-16-664) Minnesota Power's budget will reflect a January 1, 2017 effective date for this Agreement.

**9. Service List (Minn. Rules 7829.0700)**

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**B. Trade Secret Designation (Minn. Rule 7825.0500)**

Pursuant to Minn. Stat. §§ 13.01 et seq. and Minn. Rule 7829.0500, Minnesota Power has designated portions of the Petition and Attachment A as containing Trade Secret Information and these have been redacted as appropriate to reflect the Trade Secret



nature of the documents. Trade Secret and Public copies of the Petition and Attachment A are being eFiled in accordance with the Commission's Rules and Minn. Stat. § 216.17, subd. 3. A statement regarding justification for excising Trade Secret information accompanies this Petition.

### **III. THE AGREEMENT**

#### **A. Summary of Key Provisions**

First, and critically important to Minnesota Power and its other customers, is US Steel's commitment to purchase all of its electric service requirements for US Steel's Minntac and Keetac facilities from Minnesota Power through at least December 31, 2021. Second, the Agreement further optimizes the operating synergies between the two US Steel facilities by continuing to combine electric service under a single contract as initially reflected in the 2005 Agreement with most of the 2005 Agreement provisions carried forward. Second, the Agreement provides US Steel with additional operating flexibility and cost reduction potential through modified demand nomination, maintenance shutdown and energy efficiency provisions. Third, the Agreement provides US Steel modifications related to Keetac operations allowing provisions for US Steel to utilize in navigating a challenging globally competitive economic environment. Finally, the Agreement provides updated contract language to reflect modifications to the LP Service Schedule and other updates stemming from Docket No. E015/M-08-1344.

#### **B. Initial Term Through 2021**

The Agreement provides that the term shall be extended through December 31, 2021, without any prior right of termination. The LP Service Schedule sets forth that "Unless otherwise specifically approved by the Commission, each ESA shall have an initial minimum term of ten (10) years..." This Agreement is an extension of the original ESA with US Steel and not an initial term and as such it reflects a continuation of US Steel's long history as an industrial customer on Minnesota Power's system, consistent with this provision.

The Agreement continues after December 31, 2021 on a rolling four-year basis until a cancellation notice is issued by either party. The four-year cancellation period complies with the standard LP Service Schedule that states electric service agreements “shall continue in force and effect until either party gives the other party written notice of cancellation at least four years prior to the time such cancellation shall be effective.”

This extension is significant considering the current US Steel is in the “rolling” four-year notice of cancellation phase from the date of written notice, making the current earliest possible termination date October 31, 2020. With this new commitment from Minnesota Power’s largest customer, Minnesota Power gains additional certainty regarding its ability to manage generating capacity and plan for future needs of all its customers.<sup>5</sup>

C. Paragraph 3(G) - All Electric Service Requirements

Paragraph 3(G) of the Agreement expressly provides that US Steel will purchase all of the power and energy required to operate its Minntac and Keetac facilities from Minnesota Power. The new Agreement provides additional clarity on what facilities are covered under this paragraph and new language allowing Minnesota Power and US Steel to collaboratively explore and develop potential on-site cogeneration projects that would provide for lower ongoing electric power costs for US Steel.<sup>6</sup> Minnesota Power and US Steel further agreed to work in good faith on electric cost saving initiatives including a biennial Energy Audit. The LP Service Schedule does not have a provision related to all electric service requirements except that customers who take service under the LP Service Schedule must abide by any terms agreed to in an electric service agreement, subject to Commission approval. The importance of this commitment and its value to Minnesota Power and all other customers is discussed in Section IV of this Petition.

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<sup>5</sup> Further information on Minnesota Power’s Integrated Resource Plan is contained in Minnesota Power’s 2015 Resource Plan, Docket No. E-015/RP-15-690.

<sup>6</sup> The US Steel language is similar to recent electric service agreements with Magnetation (Docket No. E015/M-15-699) and ArcelorMittal (Docket No. E015/M-15-1000).

D. Firm Large Power Service

(i) Demand

Paragraph 3(A) establishes a Minimum Firm Demand (take-or-pay) of [TRADE SECRET DATA EXCISED] with an exception only for a permanent facility shutdown as specified in Paragraph 3(F). However, Minnesota Power expects US Steel will normally nominate as Firm Demand approximately [TRADE SECRET DATA EXCISED] per month, depending on operating plans. [TRADE SECRET DATA EXCISED] Based on this higher Firm Demand nomination, US Steel will purchase the vast majority of its power and energy requirements as firm service under the Firm and Excess Energy provisions of the LP Service Schedule.

Paragraph 3(C) addresses US Steel's Firm Service Requirement nominations. Consistent with the 2005 Agreement and the Demand section of the LP Service Schedule, US Steel will continue a nominating procedure which will enable Minnesota Power to plan for its short-term capacity and energy needs while providing US Steel with a flexible mechanism for notifying Minnesota Power of its requirements. The Agreement specifies that the nomination periods are the four-month periods beginning January 1, May 1, and September 1. As indicated in the nomination examples contained in Attachment A to the ESA, US Steel will notify Minnesota Power on or before each successive August 1, December 1, and March 1, respectively, for subsequent nomination periods.

Paragraph 3(C)(i) provides that US Steel will receive the benefit of Firm Power Energy pricing so long as it commits sufficiently in advance of a Nomination Period. In addition, if US Steel is unable to commit in advance to its requirements for each month during a Nomination Period, Paragraph 3(C)(ii) provides that US Steel may still obtain a higher Incremental Firm Demand by providing advance notice prior to the start of the applicable calendar month within a Nomination Period, but will pay the higher Excess Energy rates in accordance with the LP Service Schedule.

In the event US Steel has a Measured Demand (based on actual meter readings) which exceeds the demand level set by a nomination, Minnesota Power and US Steel have agreed to a provision in Paragraph 3(C)(iii) applying a demand ratchet for that billing month and for any remaining billing month(s) in the Nomination Period. This provision appropriately reflects the Nomination Period-based demand election structure contained in Paragraph 3 and will encourage US Steel to give Minnesota Power notification of its power needs prior to the start of a Nomination Period or billing month. Paragraph 3(C)(iv) adds further flexibility by allowing US Steel Incremental Firm Demand nomination decreases with advance notice by a maximum of [TRADE SECRET DATA EXCISED].

(ii) Energy

The energy charges set forth in the Agreement do not differ significantly from the energy charges which US Steel and other LP customers currently pay under the LP Service Schedule. To the extent US Steel elects its Incremental Firm Demand sufficiently in advance of the Nomination Period, it will obtain the benefit of Firm Power. If US Steel increases its Incremental Firm Demand amount during a Nomination Period, it then takes higher-cost Excess Energy. Finally, under Paragraph 3(E) any energy associated with service above the Incremental Production Service Threshold (“IPST”) will be billed in accordance with the Rider for Large Power Incremental Production Service (“the IPS Rider”).

E. Incremental Production Service

US Steel will continue to be able to purchase Incremental Production Service under the IPS Rider. As set out in Paragraph 3(E), the level of the IPST reflects US Steel’s combined load profile for Minntac and Keetac. In addition, IPST is [TRADE SECRET DATA EXCISED].

F. Allowance for Scheduled Maintenance

As with other recent Electric Service Agreements, this Agreement allows US Steel flexibility in scheduling maintenance that reflects US Steel's operating needs. Paragraph 3(D) will enable US Steel to provide Minnesota Power with [TRADE SECRET DATA EXCISED] advance notice of scheduled maintenance shutdowns that are greater than [TRADE SECRET DATA EXCISED] hours duration, and then to reduce its billing demand to its measured demand. US Steel's reduction in "kW-Days" shall not exceed [TRADE SECRET DATA EXCISED] "kW-Days" in any calendar year, and the minimum billing demand shall not fall below [TRADE SECRET DATA EXCISED] kW. As provided in Paragraph 3(G), one "kW-Day" reflects a 1 kW reduction in demand for one 24 hour period. This provision is consistent with the maintenance allowances of other LP customers, while recognizing US Steel's operating characteristics and maintenance needs, which often have [TRADE SECRET DATA EXCISED] due to the many equipment production combinations which can occur at Minntac and Keetac.

G. Decreases in Service Requirement for Permanent Facility Shutdowns

The demand nomination levels established in the Agreement reflects US Steel's historic commitments. However, in the event of a permanent cessation of operations at the Minntac or Keetac facilities, Paragraph 3(F) allows for reductions in the take-or-pay Minimum Firm Demand. US Steel must provide Minnesota Power at least [TRADE SECRET DATA EXCISED] advance notice to reduce the Service Requirement. [TRADE SECRET DATA EXCISED]. The LP Service Schedule does not address decreases in demand levels for permanent facility shutdowns.

H. Paragraph 3(I) Energy Efficiency Improvements and Production Modifications

US Steel and Minnesota Power share a commitment to continue to improve the production efficiency at the Minntac and Keetac facilities. Paragraph 3(I) encourages

continued demand reductions by providing a flexible mechanism for US Steel to realize the benefits of permanent demand reduction greater than [TRADE SECRET DATA EXCISED]. The LP Service Schedule does not address demand reduction improvements.

#### IV. PUBLIC INTEREST

Minnesota Power's contractual arrangements with its LP customers have always created significant fixed cost recovery assurances upon which Minnesota Power and its other customers could depend. This Agreement continues and extends these fixed cost recovery assurances to a specific customer segment (iron ore recovery) that is competing in a very challenging iron ore market where prices are set at globally determined and very low levels while also providing US Steel with competitive electric service and operational flexibility under the LP Schedule.

US Steel has recently operated its Minntac facility at or near full capacity but since May 2015 has idled its Keetac facility. The Minntac facility is capable of producing approximately 16 million tons of taconite per year, while Keetac is capable of producing approximately 6 million tons of taconite per year. At these levels, US Steel will have a nominal demand of about [TRADE SECRET DATA EXCISED] kW. If production occurs at these levels, Minnesota Power would receive more than \$[TRADE SECRET DATA EXCISED] in demand revenues alone between January 2017 and December 2021 at current rates. If only Minntac operates during this term, US Steel will have a nominal demand of about [TRADE SECRET DATA EXCISED] kW. If production at Minntac occurs at this level, Minnesota Power would receive more than \$ [TRADE SECRET DATA EXCISED] in demand revenues alone between January 2017 and December 2021 at current rates.

The commitments within the Agreement represent a major contribution toward fixed cost recovery on Minnesota Power's system. Through this commitment a critical aspect of previous electric service agreements has been maintained, namely that

Minnesota Power and its customers are not subject to the full brunt of competitive dynamics in global and North American steelmaking markets. Given international iron ore industry circumstances with significant new ore producing capacity coming on line and fickle markets for that ore in Asia, the domestic steel industry will undoubtedly continue to experience ongoing downward cost pressures, which will translate into challenges for taconite supplied by facilities on the Iron Range. While Minntac and Keetac are continually seeking further cost reductions through operating efficiencies to sustain their competitiveness, they are directly affected by changes in the global market demand for steel and changes in the market demand for taconite pellets. The two facilities are capable of supplying approximately 22 million tons of pellets to core US Steel steelmaking facilities and market the remaining production to satellite US Steel operations

As the preceding paragraphs explain, US Steel's minimum service requirement commitments under the combined Agreement are very significant and are made possible through this newest extension of Minnesota Power's largest customer contract. These commitments coupled with US Steel's obligation to purchase all of its electric service needs from Minnesota Power for at least five additional years, benefit all other customers on Minnesota Power's system. No one knows what events await Minnesota Power's other LP customers who play such a critical role in Minnesota Power's financial well-being. All of Minnesota Power's taconite customers face ongoing and significant competitive pressures. The scenario for all customers would contain more risk of negative rate impacts without this Agreement and the corresponding revenue assurances the Agreement provides.

It should be noted that this Agreement is not conditioned upon or in any way tied to Commission approvals under Minn. Stat. § 216B.1696 (Energy-Intensive Trade-Exposed statute) and any associated tariff filings. Minnesota Power has for decades utilized electric service agreements tailored to individual Large Power customers to secure industrial power sales in ways that benefit those customers and all customers on Minnesota Power's system. More flexible electric service agreements along with more

competitive rates achieved through products approved by the Commission under Minn. Stat. § 216B.1696 will significantly assist in sustaining US Steel's significant taconite operations in northern Minnesota. While US Steel's operations fit the definition of an EITE customer, as defined under Minn. Stat § 216B.1696, subd. 1(c)(1), the Agreement is not dependent upon or contingent on any EITE related decisions by the Commission or Minnesota Power. Minnesota Power plans to continue to evaluate and utilize customized Electric Service Agreements as it has for many decades to best match its electric service to its customers' unique needs where practicable.

The positive impacts that this Agreement will bring to all interested parties are significant. Minnesota Power and its customers stand to benefit from the extended commitments that US Steel has provided regarding its electric service needs. US Steel stands to gain from cost savings, while maintaining operational flexibility. In addition to the parties directly affected, this Agreement is supportive of the regional economy in that it is beneficial to a major regional industrial operation and employer, especially in Northeastern Minnesota.

The benefits mentioned in the preceding paragraphs will be realized without any substantial changes to rates provided in Minnesota Power's approved tariffs. The terms of this Agreement are appropriate given Minnesota Power's and US Steel's needs and unique circumstances. In accordance with the requirements of Minn. Stat. §§ 216B.03, .06, and .07, Minnesota Power has always applied the LP Service Schedule and other applicable tariffs and the service agreements it enters into thereunder in a fair and equitable manner between and among its LP customers. Minnesota Power intends to continue this practice by ensuring similar terms and conditions are available to all LP customers who make similar commitments to Minnesota Power. Accordingly, the Amendment meets the public interest requirements of the Minnesota Public Utilities Act.

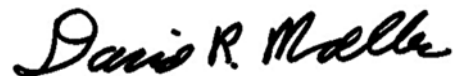


## V. CONCLUSION

Minnesota Power and US Steel have reached agreement on an extended, mutually beneficial contractual arrangement that provides Minnesota Power and its customers with considerable revenue stability and provides US Steel with considerable cost savings and operational flexibility for its Minntac and Keetac facilities. As past US Steel electric service agreements have done, this Agreement will provide a cornerstone from which Minnesota Power can develop and implement strategies for maintaining its position as an economic and reliable electric supplier into the next decade. For all of the reasons set forth in this Petition, Minnesota Power respectfully requests that the Commission issue an Order approving this Petition and the Agreement.

Dated: October 10, 2016

Respectfully submitted,



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**AMENDED AND RESTATED ELECTRIC SERVICE AGREEMENT BETWEEN  
UNITED STATES STEEL CORPORATION AND MINNESOTA POWER**

**THIS AGREEMENT**, entered into this \_\_\_\_ day of \_\_\_\_\_, 2016 between UNITED STATES STEEL CORPORATION (“Customer”), and MINNESOTA POWER (“Company”), such parties also being hereinafter referred to individually as “Party” or collectively as “Parties.”

**WHEREAS**, Company and Customer entered into an Amended and Restated Electric Service Agreement Between United States Steel Corporation and Minnesota Power dated June 10, 2005 (the “2005 Agreement”), with all Supplements, Amendments and Revisions thereto, Company agreed to deliver and Customer agreed to purchase its electric power and energy requirements at Customer’s existing Mountain Iron and Keewatin, Minnesota taconite mining, processing and production facilities, hereinafter referred to collectively as “Minnesota Ore Operations” (MPUC Docket No. E015/M-05-1175); and

**WHEREAS**, the Parties now desire to terminate the 2005 Agreement, and therefore enter into an Amended and Restated Electric Service Agreement (“Agreement”) which includes extending the current termination date through at least December 31, 2021.

**NOW THEREFORE**, in consideration of these premises and of the mutual agreements previously made, the Parties hereby enter into this Agreement as follows:

1. **DEFINITIONS.**

**Commission** shall mean the Minnesota Public Utilities Commission.

**Demand** means the combined Power requirements of all of the Points of Delivery.

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**Department** shall mean the Minnesota Department of Commerce - Division of Energy Resources, or its successor organization.

**Energy** shall mean the electric consumption requirement measured in kilowatt-hours (“kWh”).

**Energy Audit** shall mean a meeting between the appropriate personnel of the Company and Customer to identify and facilitate energy conservation and energy efficiency projects at the Customer’s Minntac and Keetac operations.

**Firm Demand** shall be the kW established in Paragraph 3 and shall be synonymous with Firm Demand in the Large Power Service Schedule.

**Holidays** shall mean New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas Eve Day, Christmas Day, and New Year’s Eve Day.

**Incremental Firm Demand** shall be the kW of established Service Requirement in the month in excess of the Minimum Firm Demand as specified in Paragraph 3(A).

**Incremental Production Service** shall mean service provided under the Rider for Large Power Incremental Production Service as set forth therein and in Paragraph 3(E). The Rider for Large Power Incremental Production Service shall mean the Rider approved by the Commission on February 4, 1999 in Docket No E-015/M-98-1414 or any superseding rider on another applicable tariff or schedule.

**IPST** shall mean the Incremental Production Service Threshold as defined in the Rider for Large Power Incremental Production Service and Paragraph 3(E).

**Keetac** shall mean the facilities and equipment at the Keewatin Taconite Point of Delivery.

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**kW-Day** shall be the unit of measurement for the Allowance for Scheduled Maintenance, as described further in Paragraph 3(D), and shall be calculated by multiplying the number of kilowatts by which Customer's Measured Demand is below the Total Firm Demand by the number of days which a maintenance shutdown lasts.

**Large Power Service Schedule** shall mean the Company's Large Power Service Schedule as most recently approved by the Commission in Docket No. E-015/GR-09-1151, or any Commission-approved tariff or schedule that replaces or supersedes the Large Power Service Schedule.

**Measured Demand** shall mean the kW of Demand measured at Customer's meters during the 15-minute period of Customer's highest Demand level during the month, increased by one kilowatt for each 20 kvar of excess reactive Demand measured as provided in the Tariff.

**Minimum Firm Demand** shall mean the minimum amount of Demand that Customer is committed to buy from Company as specified in Paragraph 3(A).

**Minimum IPST** shall mean the minimum Incremental Production Service Threshold per the conditions described in Paragraph 3(E).

**Minntac** shall mean the facilities and equipment at the Minntac Point of Delivery.

**MISO** shall mean the Midcontinent Independent System Operator, Inc. or its successor organization.

**MISO Tariff** shall mean the rules and regulations that govern MISO modules.

**Nomination Periods** shall mean any of the four-month periods beginning January 1, May 1, and September 1.

(i) **Summer Nomination Period** shall mean the four-month period from May 1 through August 31.

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(ii) **Non-Summer Nomination Period** shall mean the four-month periods from September 1 through December 31 and from January 1 through April 30.

**On-site Cogeneration** shall mean a combined process whereby electrical and useful thermal energy are normally produced simultaneously within the Minnesota Ore Operations.

**Paragraph** shall mean a paragraph set forth in this Agreement unless the paragraph is specifically referenced as being contained in another document.

**Points of Delivery** shall be where Company's wires attach to Customer's wires at Customer's dead ends or the connection to the customers electrical distribution system at the following locations and any other points that Customer and Company may subsequently agree in writing to add to this definition.

<b>Description</b>	<b>Location in St. Louis County Minnesota</b>	<b>Service Volts</b>
Keetac [1]	NE ¼ of the NW ¼ of Section 19, T57N, R21W	115,000
Minntac [2]	NW 1/4 of the SE 1/4 of Section 27, T59N, R18W	115,000
Minntac West Pit Substation[3]	NE ¼ of the NW ¼ of Section 16, T58N, R18W	115,000
Minntac West Two Rivers Pumping Substation[4]	NW ¼ of the SW ¼ of Section 29, T58N, R18W,	23,000

[1] Specifically connection point of Company's 115,000 Volt lines and Customer's dead-end suspension insulators.

[2] Specifically where Company's dead-ends attach to Customer's 115kV lines leading from Company's 230/115kV "Minntac 230kV" substation.

[3] Specifically where Company's dead-end insulators attach to Customer's 115kV lines on the North side of 25 Line's structure 1014.

[4] Specifically the connection point of Company's 23,000 Volt lines and Customer's dead end suspension insulators.

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**Power** shall mean the electric demand requirement measured in kilowatts (“kW”).

**Tariff** shall mean the rates (and other terms and conditions of service) set forth in the Company’s applicable Large Power Service Schedule, Riders applicable to service provided under the Large Power Service Schedule, and the Company’s Electric Service Regulations and/or other supplementary or superseding rate schedules, riders, and regulations in effect from time to time during the term of this Agreement.

**Total Allowed Demand** shall mean the sum of the Total Firm Demand and any allowed IPS usage in a billing month.

**Total Firm Demand** shall mean the sum of the Minimum Firm Demand and the Incremental Firm Demand.

Other terms used in this Agreement which are not defined in this Paragraph shall have the definitions provided below in this Agreement, in the Large Power Service Schedule, any applicable riders thereto, the Company’s Electric Service Regulations, applicable MISO tariffs, schedules or agreements, or any other applicable tariff or schedule as such terms may be defined therein.

## **2. TERM OF AGREEMENT**

The term of this Agreement (the “Term”) shall be effective on the first day of the calendar month immediately following and contingent upon approval or acceptance by the Minnesota Public Utilities Commission, with the initial term of this Agreement extending through at least December 31, 2021, without any right of prior termination except as noted herein. Service shall continue thereafter until and unless this Agreement is terminated in accordance with its terms. Either party may terminate this Agreement by written notice to the other delivered at least four years prior to termination, provided, however, that termination shall not be effective prior to 11:59 p.m. on December 31, 2021, or a later date of termination specified four years in advance.

**3. SERVICE UNDER THE LARGE POWER SERVICE SCHEDULE****A) Firm Demand and Minimum Firm Demand.**

Customer agrees that for the Term of this Agreement Customer will purchase and pay Company for a Minimum Firm Demand of at least [TRADE SECRET DATA EXCISED] kW subject to the provisions of Paragraph 3. Customer will also be entitled to nominate additional Demand pursuant to Paragraph 3(C) for purposes of creating an Incremental Firm Demand under Paragraph 3(B). The Minimum Firm Demand plus the Incremental Firm Demand shall be the Total Firm Demand. Customer agrees that once established pursuant to the terms of Paragraph 3, Customer is obligated to pay Tariff demand charges associated with the Total Firm Demand until the Firm Demand is again modified pursuant to Paragraph 3. [TRADE SECRET DATA EXCISED]. Except as otherwise specifically provided in Paragraph 3(C), Energy taken by Customer during each billing month attributable to the Total Firm Demand shall be considered Firm Power Energy and billed in accordance with the applicable provisions of the Large Power Service Schedule.

**B) Incremental Firm Demand.** During the Term of this Agreement the Incremental Firm Demand shall be that amount of Power nominated by Customer pursuant to Paragraph 3(C), and subject to adjustment under Paragraph 3(C) that is in excess of the Minimum Firm Demand.

**C) Changes in Firm Demand.**

**i) Nomination of Incremental Firm Demand.** Customer may elect Incremental Firm Demand in [TRADE SECRET DATA EXCISED] kW increments for the billing months in a Nomination Period by providing Company with written notice on or before each successive for subsequent Nomination Periods, respectively. Such an election will be considered a Demand Nomination. Upon receipt of a Demand Nomination notice from Customer, the Incremental Firm Demand level for each billing month in such Nomination Period will be set at the level specified in such notice.

**ii) Firm Demand Increases During a Nomination Period.** Should Customer determine, after providing the notice required in Paragraph 3(C) (i) which sets the Incremental Firm Demand for a Nomination Period, that a higher level of Incremental Firm Demand is necessary for all or for a portion of the Nomination Period, Customer may elect to set a higher Incremental Firm Demand level for one or more billing months within that Nomination Period by providing Company with written notice prior to the start of the calendar month in which the higher Incremental Firm Demand is needed. Upon receipt of such notice from Customer, the Incremental Firm Demand for such billing month(s) will be set at the kW level specified in Customer's notice and will be billed as Firm Power Billing Demand. However, Energy taken by Customer during each billing month attributable to any increase in the Incremental Firm Demand established under this Paragraph 3(C) (ii), shall be billed as Excess Energy in accordance with the Large Power Service Schedule.

**iii) Total Measured Demand In Excess of the Total Allowed Demand.** In the event Customer has a Measured Demand for a billing month which exceeds the Total Allowed Demand Level established under any of the provisions of Paragraph 3 for such billing month, Customer's Total Firm Demand Level for that billing month and all subsequent billing months in that Nomination Period will be increased accordingly to reflect the new total Measured Demand level. Energy taken by Customer during each billing month attributable to any increase in the Incremental Firm Demand established under this Paragraph 3(C) (iii) shall be billed as Excess Energy in accordance with the Large Power Service Schedule.

**iv) Firm Demand Decreases During a Nomination Period.** Should Customer determine, after providing the notice required in Paragraph 3(C) (i) or (ii), that a lower Incremental Firm Demand level is required, Customer may elect to decrease the amount of Incremental Firm Demand by a maximum of [TRADE SECRET DATA EXCISED] kW per month by providing Company with written notice by [TRADE SECRET DATA EXCISED] prior to the start of the calendar month in which the decreased Incremental Firm Demand is required. Upon timely receipt of such notice from



Customer, the Incremental Firm Demand for such billing month(s) will be decreased to kW level specified in Customer's notice.

v) **Examples.** Hypothetical examples of how this Paragraph 3(C) will be applied are contained in Exhibit A to this Agreement. Should there be any discrepancy between Exhibit A and the language of the Agreement, the language of the Agreement shall prevail.

**D) Allowance for Scheduled Maintenance.**

Customer may elect to be billed at Customer's Measured Demand instead of at the Total Firm Demand for an unlimited number of annual occurrences greater than [TRADE SECRET DATA EXCISED] hours duration with [TRADE SECRET DATA EXCISED] prior notice to the Customer's maintenance shutdowns. The reduction in kW-Days resulting from any such elections shall not exceed [TRADE SECRET DATA EXCISED] kW-Days in any calendar year, and under no circumstances can the provisions of this Paragraph be utilized to reduce Customer's Total Firm Demand to a level below [TRADE SECRET DATA EXCISED] kW unless under the circumstances outlined in Paragraph G Section 3 of this document. A kW-Day shall be calculated by multiplying the number of kilowatts by which Customer's Measured Demand is below the Total Firm Demand established pursuant to Paragraph 3 by the number of days that a maintenance shutdown lasts.

For example, if Customer's maintenance shutdown reduces Measured Demand to [TRADE SECRET DATA EXCISED] kW in a month in which Customer has established a [TRADE SECRET DATA EXCISED] kW Total Firm Demand, and the shutdown lasts for [TRADE SECRET DATA EXCISED] days ([TRADE SECRET DATA EXCISED]), Customer would have utilized [TRADE SECRET DATA EXCISED] kW-Days of the [TRADE SECRET DATA EXCISED] kW-Day allowance for that calendar year. Company must receive written notice no later than 12:00 noon, Central Prevailing Time [TRADE SECRET DATA EXCISED] (excluding weekends and Holidays) prior to the start of each scheduled maintenance period. The billing months that include such maintenance periods will be prorated accordingly. If after issuing notice under the terms of this Paragraph,

Customer wishes to reschedule the maintenance shutdowns, Customer may do so at the sole discretion of Company, which permission shall not be unreasonably withheld.

**E) Large Power Incremental Production Service**

Customer shall have the right to purchase Incremental Production Service (“IPS”) from the Company whenever the Customer’s Measured Demand exceeds the Incremental Production Service Threshold (“IPST”) under the terms of the Rider for Large Power Incremental Production Service. Except as provided below, the Minimum IPST shall be set at [TRADE SECRET DATA EXCISED] kW. [TRADE SECRET DATA EXCISED] The IPST shall remain at the appropriate Minimum IPST level unless the Service Requirement is adjusted upward above the Minimum IPST level per Paragraph 3(C). In such events, the IPST shall be increased by an amount equivalent to the corresponding increase in the Service Requirement. Excess reactive demand will be calculated as indicated in the Large Power Service Schedule; provided, however, Company will not bill the Customer for any excess reactive demand adjustments associated with metered demands above the IPST as long as such adjustments do not exceed [TRADE SECRET DATA EXCISED] kW. If such adjustments exceed [TRADE SECRET DATA EXCISED] kW, Company may, at its sole discretion, bill the Customer and Customer shall pay, for any excess reactive demand above [TRADE SECRET DATA EXCISED] kW at the Firm Demand charge.

**F) Decreases in Minimum Firm Demand for Permanent Facility Shutdown.**

In the event of a permanent cessation of operations at one or both of the Customer facilities, Customer shall notify Company in writing at least [TRADE SECRET DATA EXCISED] in advance to request that the Service Requirement and Contract Demands established in Paragraphs 3(A) and 3(B) be reduced as set forth in the table below. In no event shall the provisions of this Paragraph be effective prior to [TRADE SECRET DATA EXCISED] after the date of such notification. Customer’s rescission or modification of such notice shall be permitted only at the sole discretion of Company.

**Operating Facility****Minimum Service  
Requirement and Contract  
Demand (kW)**

Minntac only (Keetac Permanently Shutdown)

[TRADE SECRET DATA  
EXCISED]

Keetac only (Minntac Permanently Shutdown)

[TRADE SECRET DATA  
EXCISED]

Both facilities permanently shutdown

[TRADE SECRET DATA  
EXCISED]

In the event of a permanent closure or indefinite idle of capacity at either Minntac or Keetac, or an addition of capacity or equipment to the Customer Facilities and Equipment that changes the service requirements of Minnesota Ore Operations, the Parties agree to review contract terms and parameters and if mutually agreeable to amend this Agreement to reflect the changed operating conditions. Hypothetical examples of how this Paragraph 3(F) will be applied are contained in Exhibit B to this Agreement. Should there be any discrepancy between Exhibit B and the language of the Agreement, the language of the Agreement shall prevail.

**G) All Requirements.**

During the Term, Customer agrees and shall be obligated to purchase from the Company, all of the Power and Energy required to operate all of Customer's Minnesota Ore Operations facilities located in and around Mountain Iron, Minnesota (including but not limited to, mining, processing and production machinery and equipment along with all appurtenant facilities) ("Minntac Facilities and Equipment") and facilities located in and around Keewatin, Minnesota (including but not limited to, mining, processing and production machinery and equipment along with all appurtenant facilities) ("Keetac Facilities and Equipment"). To the extent Customer requires electric service for any newly acquired Minntac or Keetac equipment or at any newly constructed Minntac or Keetac facilities for which rates are not established under the terms of this Agreement or an applicable rate schedule, Customer and Company agree to enter into good faith negotiations to reach agreement on appropriate terms and conditions for the purchase of such electric service which shall be subject to any applicable regulatory approval;

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provided, however, that failure to reach agreement on such terms or obtain regulatory approval thereof shall not affect any other aspect of this Agreement.

Customer and Company shall have the right to jointly explore collaborative and mutually beneficial On-site Cogeneration projects including Customer participation in any cogeneration or self-generation Request for Participation (“RFP”) put forth in the judgment of the Company as a part of Company’s resource planning initiatives, or pursuant to a written amendment to this Agreement. Furthermore, the Company agrees to continue to work in good faith with Customer on electric cost saving initiatives which will include, but will not be limited to, a biennial Energy Audit.

Notwithstanding these collaborative efforts, Customer agrees that the entire electric service requirement commitment provided in this Paragraph precludes any right to construct, operate or utilize self-generating or Cogeneration capacity or to purchase electric service from any other person or party to meet the Power and Energy requirements of the Minntac and Keetac Facilities and Equipment during the term of this Agreement regardless of any changes in applicable law. The entire electric service requirement commitment provided in this Paragraph shall be in addition to, and not in replacement of, any other obligation arising under this Agreement.

**H) Applicable Rate Schedule(s).**

i) Customer will pay for all service in accordance with the Tariff, except as otherwise provided in this Agreement. The Tariff is attached hereto as Exhibit C and is incorporated by reference and made a part hereof. The Tariff shall be replaced by any applicable superseding schedules and riders and such new schedules and riders or other new rates or prices shall become effective as soon as permitted by any regulatory body having jurisdiction, and such replacement will not require concurrence or acceptance by Customer unless otherwise provided in this Agreement.

ii) In the event that the Commission’s regulatory responsibilities are altered and/or the Commission ceases to regulate the bundled retail electric service rates of Customer during the term of this Agreement, Customer and Company agree that all of the rates, terms, conditions and other provisions applicable to Company’s sale of

electric service to Customer then contained in any rate schedule, Tariff, rider or electric service regulation shall, to the extent necessary to effectuate enforcement of this Agreement, be incorporated within and become part of this Agreement.

iii) With respect to rates and charges that are adjusted on a monthly or annual basis pursuant to Commission and/or Department oversight and which cannot continue to be adjusted by applying existing or new rate schedules, riders, tariffs or service regulations absent such regulatory oversight, Customer and Company agree to use good faith efforts to promptly determine an appropriate substitute adjustment mechanism which most closely tracks the adjustment mechanism that can no longer be applied. Such adjustment mechanisms would include by way of example and not limitation, the Fuel and Purchased Power Adjustment. In the event the Parties are unable to reach an agreement on an appropriate substitute adjustment mechanism which most closely tracks the discontinued adjustment mechanism within 60 days of the date legislation or administrative action invalidating the adjustment mechanism became effective, the matter shall be submitted for arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Parties agree that such Commercial Arbitration Rules will be varied if necessary to provide for three arbitrators, with one arbitrator to be selected by each Party and the third arbitrator to be selected by the other two arbitrators so chosen. The decision of the arbitrators shall apply retroactively to the date the adjustment mechanism ceased to be in effect.

**I) Energy Efficiency Improvements and Production Modifications.**

In the event of planned production efficiency improvements at the Minnesota Ore Operations that will result in a permanent demand reduction greater than [TRADE SECRET DATA EXCISED] kW, Customer shall notify Company of such proposed permanent demand reduction and both Parties agree to discuss, in good faith, necessary Agreement modifications, and upon validation of permanent demand reduction in a manner suitable to the Parties shall amend the Agreement, if necessary, to reflect the Customers' changed operating conditions, subject to any applicable approvals.

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In the event either the Minntac Facilities and Equipment or Keetac Facilities and Equipment modify their respective production processes to produce a new iron product, such as direct reduced iron grade pellets, both Parties agree to discuss, in good faith, necessary Agreement modifications, if any, to reflect the Customers' changed operating conditions, subject to any applicable approvals.

**4. GENERAL****A) Operating Practices.**

Operating practices and standards of performance shall conform to those recognized as sound practices within the utility industry. In making delivery of power, Company shall exercise such care as is consistent with normal operating practice through the use of all available facilities to minimize and smooth out the effects of sudden load fluctuation or other voltage or current characteristics as may be detrimental to Customer's operations. Customer shall not purchase any service from the Company for purposes of resale of said service to any other entity or to the Company.

**B) Metering.**

All electric power and energy delivered under this contract by Company to Customer shall be metered on Company's equipment installed at each metered Point of Delivery.

**C) Billing.**

Billing shall be under the terms and conditions set forth in the Rider for Expedited Billing Procedures.

In the event Customer desires to dispute all or any part of the charges submitted by Company, Customer shall nevertheless pay the full amount of the charges when due and give notification in writing within sixty (60) days from the date of the statement, stating the grounds on which the charges are disputed and the amount in dispute; provided, however, no dispute as to the accuracy of the charges will be entertained or considered unless written complaint with respect thereto is submitted by Customer to the Company within sixty (60) days from the date upon which the statement for charges

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is presented; and Customer will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of the Company within the time and in the manner herein specified.

**D) Successors and Assigns.**

This Agreement shall be binding upon the respective parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld.

**E) Electric Service Regulations.**

Company's Electric Service Regulations attached hereto as Exhibit D, are made a part of this Agreement insofar as they are appropriate and applicable to and not inconsistent with this Agreement. In the event of a difference between the Tariff or the Electric Service Regulations and this Agreement which is not specifically approved by the Commission, the language of the Tariff shall prevail.

**F) Regulation and Administrative Approval.**

Customer acknowledges that the rates to be charged to Customer are not fixed by the terms of this Agreement, but rather that the electric service made available by Company under the terms of this Agreement is provided pursuant to the rates (and other terms and conditions of service) set forth in the Company's applicable Large Power Service Schedule, riders applicable to service provided under the Large Power Service Schedule, and the Company's Electric Service Regulations and/or other supplementary or superseding rate schedules, riders, and regulations in effect from time to time during the term of this Agreement. All Tariffs are subject to change at any time during the term of this Agreement upon the approval of the Commission. Company and Customer agree that Company is free to propose to the Commission at any time during the term of this Agreement any change in the level of rates or modification to the applicable rate design of Company's rates that Company deems appropriate. Both Parties agree that they shall be bound by any new level of rates or rate design approved by the Commission and applicable to the electric service to be rendered by Company to

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Customer under this Agreement. In the event that any term or condition of service covered by this Agreement is not deemed to be subject to Commission regulation and approval, then any change or modification of that term or condition of service shall only be made by mutual agreement of the parties. The parties also acknowledge that this Agreement itself is considered by the Commission to be a tariff and is subject to approval by the Commission pursuant to Minnesota Statutes Section 216B.05, subdivision 2a. Company and Customer agree that by executing this Agreement, Customer is not, and should not be construed as, forfeiting or relinquishing any right that Customer has under applicable laws and regulations to: (a) oppose any petition or application by the Company to add any new, or modify any existing, tariff, rate, schedule, rider or regulation that is or may become applicable to service under this Agreement; (b) file any petition or application with the Commission seeking to add any new, or modify any existing tariff, rate, schedule, rider or regulation that is or may become applicable to service under this Agreement; (c) file any petition or application with the Commission seeking an interpretation or abrogation of any provision of this Agreement as being contrary to public policy or any specific law or regulation governing the provision of electric service by Company to Customer; or (d) otherwise participate in any proceeding before the Commission that may affect Customer's interests under this Agreement or its interests as a customer of the Company.

**G) New Rates & Services.**

If Company offers new or lower rates, services, and/or other terms or conditions ("New Rates") to other present or future members of the Large Power Class (or a successor class of service), including any changes allowed by Minnesota legislative enactments, with such legislative changes being deemed applicable to Customer, and such New Rates are approved by the Commission, Company shall, within thirty (30) days of such approval, provide Customer with notice of the availability of such New Rates. Unless the circumstances under which the Customer takes service from Company are materially different than those pertaining to the customer(s) for whom the New Rates were designed, the Company will make the New Rates available to Customer, either through a change in the Tariff or in an amendment to this Agreement, whichever is



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appropriate to the circumstance(s). The provisions of this Paragraph shall apply throughout the entire term of this Agreement notwithstanding any changes in the Minnesota Public Utilities Act or significant alteration of the Commission's regulatory responsibilities.

**H) Post Effective Date Liabilities.**

Notwithstanding any provision in any Rate Schedule, Rider, Electric Service Regulation, or tariff to the contrary, Company shall not seek, and Customer shall have no obligation to pay, any exit fee or other charge attributable to recovering stranded costs or stranded investments after the effective date of this Agreement except to the limited extent that any such costs or investments are currently being recovered through the Large Power Service Schedule. Stranded costs shall include, but shall not be limited to fees, assessments and other charges, for the recovery of deferred regulatory charges, which shall include any and all expenses or costs which have been incurred by the Company or which may hereafter be incurred by the Company pursuant to regulatory or legislative action as well as all costs for which deferred rate recovery has been or is subsequently authorized.

**I) Effective Date.**

This Agreement shall be effective on the first day of the calendar month immediately following and contingent upon approval or acceptance by the Minnesota Public Utilities Commission. In the event this Agreement is not approved by the Commission, is approved subject to terms or conditions to which either party objects, or is revised or modified in any material respect by the Commission, Company and Customer agree to immediately make a good faith effort to renegotiate the terms of this Agreement to accommodate regulatory requirements while maintaining the respective economic benefits to each party as set forth in this Agreement. In the event that the parties are unable to reach agreement on such modifications or revisions resulting from a regulatory denial, conditioned regulatory approval or material regulatory modification of this Agreement, this Agreement shall be null and void, and electric service shall continue under the terms of the 2005 Agreement.

**CONFIDENTIAL CONTRACT****J) Notices.**

Any notice, election or other correspondence required or permitted under this Agreement shall become effective upon receipt and, except invoices and payments, shall be deemed to have been properly given or delivered when made in writing and delivered personally to the authorized representative of the parties designated below, or when sent by mail, telegram or telecopy, and addressed to the authorized representative of the parties designated below at its specified address:

TO: Minnesota Power  
Vice President – Marketing & Corporate Communications  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

TO: USS Corporation  
Director Purchasing-Energy and Metals  
USS  
600 Grant Street  
Pittsburgh, PA 15219

and

Attorney - Energy  
USS  
600 Grant Street  
Pittsburgh, PA 15219

**K) Confidentiality and Non-Disclosure.**

No party hereto shall disclose any information regarding any part of this Agreement not otherwise included in Company's Trade Secret Petition for Approval filed with the Minnesota Public Utilities Commission except to the extent that disclosure is required by law, required for evidentiary purposes in any legal proceeding relating to enforcement of this Agreement, required for filing reports with or furnishing information to the regulatory authorities having jurisdiction over Company and other appropriate governmental authorities, required for purposes of obtaining financing, or upon written consent of all parties to this Agreement. All parties shall request regulatory bodies or governmental

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authorities to respect the confidentiality of this Agreement before making any disclosure to those bodies or authorities.

**L) Representation and Warranties.**

Each individual executing this Agreement on behalf of the Company and Customer expressly represents and warrants that he or she is authorized and empowered to execute this Agreement on behalf of and to bind the party for which he or she is signing.

**M) Previous Agreements, Amendments, Waiver and Captions.**

The Amended and Restated Electric Service Agreement Between USS Corporation and Minnesota Power dated June 10, 2005, is terminated in its entirety effective upon Commission approval of this Agreement and all other regulatory approvals requested by Company.

All other previous communications related to this Agreement between Company and Customer, either verbal or written, are also abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall be effective unless the same shall be in writing and signed and delivered by both parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed a waiver with respect to any subsequent default or other matter. The captions and headings appearing in this Agreement are inserted merely to facilitate reference and shall have no bearing upon the interpretation of the provisions contained in this Agreement.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement by their duly authorized officers as of the date first written above.

USS CORPORATION

MINNESOTA POWER

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

## Service Requirement and Service Requirement Adjustments

Applicable to Service through December 31, 2021

### SERVICE REQUIREMENT AND SERVICE REQUIREMENT ADJUSTMENTS

**Example 1:** Firm Nomination at Minimum Service Requirement = [TRADE SECRET DATA EXCISED] kW

**Example 2:** Firm Nomination of [TRADE SECRET DATA EXCISED] kW, below the IPST of [TRADE SECRET DATA EXCISED] kW

**Example 3:** Firm Nomination of [TRADE SECRET DATA EXCISED] kW

**Example 4:** Uniform Firm Nomination, with Nomination increase during the Nomination Period

**Example 5:** Uniform Nomination with Nomination Decrease during Nomination Period

**Example 6:** Measured Demand in Excess of the Total Allowed Demand

**Example 7:** Keetac [TRADE SECRET DATA EXCISED], Minimum IPST is reduced

Nomination Examples

Minimum Service Requirement: [TRADE SECRET DATA EXCISED] MW

Nomination Periods: January - April nomination due December 1<sup>st</sup>  
May – August nomination due March 1<sup>st</sup>  
September – December nomination due August 1<sup>st</sup>

Example 1: Minimum Service Requirement nomination

- By December 1<sup>st</sup> a nomination of [TRADE SECRET DATA EXCISED] MW was received, the Minimum Service Requirement, for the January - April nomination period.

Demand:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy
	Not Eligible: IPS Energy	
	Usage > [TRADE SECRET DATA EXCISED] MWh/hr:	Excess Energy

[TRADE SECRET DATA EXCISED]

Example 2: Firm nomination below IPST, Keetac [TRADE SECRET DATA EXCISED]

- By March 1<sup>st</sup>, Customer nominates [TRADE SECRET DATA EXCISED] MW for the May – August nomination period.

Demand:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy
	Not Eligible:	IPS Energy (IPST [TRADE SECRET DATA EXCISED] MW)
	Usage > [TRADE SECRET DATA EXCISED] MWh/hr:	Excess Energy

[TRADE SECRET DATA EXCISED]

Example 3: Both facilities at full production: Firm Nomination of [TRADE SECRET DATA EXCISED]kW

- By August 1<sup>st</sup>, a nomination [TRADE SECRET DATA EXCISED] MW is received, equal to the IPST, for the September – December nomination period.

- Measured Demand can't exceed [TRADE SECRET DATA EXCISED] MW. In the event that it does, Customer will be billed excess energy in all hours that exceed [TRADE SECRET DATA EXCISED] MW and their billed firm demand will be increased accordingly.

Demand:	First [[TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy IPS Energy

[TRADE SECRET DATA EXCISED]

Example 4: Uniform Nomination with Nomination Increase during Nomination Period

- By December 1<sup>st</sup>, a nomination of [TRADE SECRET DATA EXCISED] MW is received, equal to the IPST, for the January – April nomination period.
- By February 1<sup>st</sup>, a request to increase the Firm Nomination by [TRADE SECRET DATA EXCISED] MW for the remainder of the Nomination Period is received, up [TRADE SECRET DATA EXCISED] MW, for February - April. Energy is billed as excess energy.
- Measured Demand can't exceed [TRADE SECRET DATA EXCISED] MW in January and [[TRADE SECRET DATA EXCISED] MW in February - April. In the event that it



does, Customer will be billed additional excess energy in all hours that exceed those levels and their billed firm demand will be increased accordingly.

Demand:	Jan:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
	Feb-Apr:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	Jan:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy IPS Energy
	Feb-Apr:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy Excess Energy IPS Energy

[TRADE SECRET DATA EXCISED]

Example 5: Uniform Nomination with Nomination Decrease during Nomination Period

By March 1<sup>st</sup>, a Firm Nomination of [TRADE SECRET DATA EXCISED] MW is received, equal to the IPST, for the May – August nomination period.

By May 25<sup>th</sup>, a request to reduce the Firm Nomination by [TRADE SECRET DATA EXCISED] MW is received, down to [TRADE SECRET DATA EXCISED] MW, for June - August.

Measured Demand can't exceed [TRADE SECRET DATA EXCISED] MW in May and [TRADE SECRET DATA EXCISED] MW in June - August. In the event that it does, Customer will be billed excess energy in all hours that exceed those levels and their billed firm demand will be increased accordingly.

Demand: May:	First [TRADE SECRET DATA EXCISED]MW:	Firm Demand
Jun-Aug:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy: May:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy IPS Energy
Jun-Aug:	First [TRADE SECRET DATA EXCISED] MWh/hr: Not Eligible: IPS Energy (IPST is [TRADE SECRET DATA EXCISED] MW) Usage > [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy Excess Energy

[TRADE SECRET DATA EXCISED]

*Note: In the event United States Steel Corp. wishes to decrease the amount of Incremental Firm Demand by [TRADE SECRET DATA EXCISED], they must provide Company with written notice by [TRADE SECRET DATA EXCISED] in which the decreased Incremental Firm Demand is required.*

Example 6: Measured Demand in Excess of the Total Allowed Demand

- By August 1<sup>st</sup>, a Firm Nomination of [TRADE SECRET DATA EXCISED] MW is received, equal to the IPST, for the September - December nomination period.
- In October, Customer has a Measured Demand of [TRADE SECRET DATA EXCISED] MW, [TRADE SECRET DATA EXCISED] MW higher than the Total Allowed Demand. This results in the Customer's Total Firm Demand Level for October - December to be increased accordingly.

Demand:	Sep:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
	Oct-Dec:	First [TRADE SECRET DATA EXCISED] MW: Additional [TRADE SECRET DATA EXCISED] MW:	Firm Demand Firm Demand
Energy:	Sep:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy IPS Energy
	Oct-Dec:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy Excess Energy IPS Energy

[TRADE SECRET DATA EXCISED]

Example 7: Keetac [TRADE SECRET DATA EXCISED], Minimum IPST is reduced.

- Keetac [TRADE SECRET DATA EXCISED]
- Customer's Minimum IPST is reduced from [TRADE SECRET DATA EXCISED] MW to [TRADE SECRET DATA EXCISED] MW
- By December 1<sup>st</sup>, a nomination of [TRADE SECRET DATA EXCISED] MW is received, equal to the IPST, for the January – April nomination period.
- Measured Demand can't exceed [TRADE SECRET DATA EXCISED] MW. In the event that it does, Customer will be billed excess energy in all hours that exceed [TRADE SECRET DATA EXCISED] MW and their billed firm demand will be increased accordingly.

Demand:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr: Next [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy IPS Energy

[TRADE SECRET DATA EXCISED]

**Decreases in Service Requirements for Permanent Facilities Shutdowns**

**Applicable to Service through December 31, 2021**

**Example 1:** Permanent cessation of operations at Keetac

**Example 2:** Permanent cessation of operations at Minntac

**Example 3:** Permanent cessation of operations at both Customer facilities

Example 1: Permanent cessation of operations at Keetac, the Minimum Billed Demand may be reduced to [TRADE SECRET DATA EXCISED] kW with [TRADE SECRET DATA EXCISED] written notice.

- By December 1<sup>st</sup> a nomination of [TRADE SECRET DATA EXCISED] MW is received, their Minimum Service Requirement, for the January - April nomination period.

Demand:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy
	Not Eligible:	IPS Energy
	Usage [TRADE SECRET DATA EXCISED] MWh/hr:	Excess Energy

[TRADE SECRET DATA EXCISED]

Example 2: Permanent cessation of operations at Minntac, the Minimum Billed Demand may be reduced to [TRADE SECRET DATA EXCISED] kW with [TRADE SECRET DATA EXCISED] written notice.

By December 1<sup>st</sup> a nomination of [TRADE SECRET DATA EXCISED] MW is received, their Minimum Service Requirement, for the January - April nomination period.

Demand:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy
	Not Eligible:	IPS Energy
	Usage > [TRADE SECRET DATA EXCISED] MWh/hr:	Excess Energy

[TRADE SECRET DATA EXCISED]

Example 3: Permanent cessation of operations at both Customer facilities, the Minimum Billed Demand may be reduced to [TRADE SECRET DATA EXCISED] kW with [TRADE SECRET DATA EXCISED] written notice.

- No nomination.

Demand:	First [TRADE SECRET DATA EXCISED] MW:	Firm Demand
Energy:	First [TRADE SECRET DATA EXCISED] MWh/hr:	Firm Energy



[TRADE SECRET DATA EXCISED]

**Exhibit C**

**Electric Service Regulations of Minnesota Power  
Applicable to Service through December 31, 2021**

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## ELECTRIC SERVICE REGULATIONS of MINNESOTA POWER

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### PURPOSE AND CONTENTS

These Service Regulations govern the supplying and taking of electric service. The regulations are designed to provide each Customer the greatest practicable latitude in the use of service consistent with reliable, economical and safe service to all Customers.

These Service Regulations, together with Extension Rules and Rate Schedules, are on file in the Company's various offices, and copies are obtainable by any Customer upon request by telephone, by mail, or [www.mnpower.com](http://www.mnpower.com).

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**SECTION I - DEFINITIONS**

The following terms when used in these Service Regulations, in Rate Schedules and in Service Agreements, shall, unless otherwise indicated, have the meanings given below:

1. **Customer:** Any individual(s), partnership, association, firm, public or private corporation or governmental agency having Company's electric service at any specified location.

2. **Company:** Minnesota Power.

3. **Electric Service:** The supplying of electric power and energy, or its availability, irrespective of whether any electric power and energy is actually used. Supplying of service by Company consists of the maintaining by it, at the point of delivery, of approximately the agreed voltage and frequency by means of facilities adequate for carrying Customer's contracted load.

4. **Point of Delivery:** The end of Company's service drop, or the point where Company's wires are joined to Customer's service entrance conductors or apparatus, unless otherwise specified in Customer's Service Agreement.

5. **Customer's Installation:** In general, all wiring, appliances and apparatus of any kind or nature on Customer's side of the point of delivery (except Company's meter installation), useful in connection with Customer's ability to take electric service.

6. **Service Drop:** The wires, owned by Company, connecting Company's distribution mains to Customer's service entrance conductors.

7. **Service Entrance Conductors:** The wires provided by the Customer extending from Customer's main line switch or center at which circuits originate, to the terminal of the Company's service drop.

8. **Month:** An interval of approximately thirty days between successive meter reading dates, except when the calendar month is specified.

9. **Service Agreement:** The agreement or contract between Company and Customer pursuant to which service is supplied and taken.

10. **Notice:** Unless otherwise specified, a written notification delivered personally or mailed by one party to the other at such other party's last known address, the period of notice being computed from the date of such personal delivery or mailing.

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11. **Meter:** The meter or meters, together with auxiliary devices, if any, constituting the complete installation needed to measure and report the power and energy supplied to any Customer at a single point of delivery.

12. **Customer Extension:** Any branch from, or continuation of, an existing line to the point of delivery to Customer, including increases in capacity of any of Company's existing facilities, or the changing of any line to meet the Customer's requirements, and including all transformers, service drops and meters.

**SECTION II - SERVICE AGREEMENTS**

13. **Form and Execution of Service Agreements:** Each application for service normally is made on Company's standard form of application, which, when properly executed by Customer and Company, becomes binding and along with the applicable Rate Schedules, Rules and Regulations, is termed a Service Agreement. Any Service Agreement referred to herein is subject to amendment or change by Company. Any such amendment or change to a Service Agreement may be subject to acceptance or approval by any regulatory body having jurisdiction thereof and upon acceptance or approval will automatically apply to any executed Service Agreement.

If for any reason an application is not signed by the Customer, the giving of service by the Company and the accepting of such service by all Customers receiving service shall impose the same obligation on each as if a Service Agreement had been executed.

14. **Contract Period of Service Agreements:** The contract period shall be as indicated in the applicable Rate Schedule, unless otherwise provided for in the Service Agreement.

15. **Renewal and Termination of Service Agreements:** Renewals shall be as provided for in the Service Agreement. Unless otherwise provided in the Service Agreement or Rate Schedule, Customer may terminate service at any time by notifying Company not less than three days prior to the date termination is desired. Customer will be held responsible for all service supplied to vacated premises until such notice has been received by Company. Notification may be made by writing, by telephone, mail or by visiting the Company's website at [www.mnpower.com](http://www.mnpower.com).

When the contract period of a Service Agreement is extended, the demand previously established by Customer is considered as having been established under the extended contract period.

When a new Service Agreement is entered into, the demand previously established by Customer is considered as having been established under the contract period of the new

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Service Agreement except that, when the contract demand under the new Service Agreement is less than 60% of the highest actual demand established in the previous contract year, the Company will waive the above requirement.

**16. Company's Right to Cancel Service Agreement or to Suspend Service:** Company, in addition to all other legal remedies, may terminate the Service Agreement, or suspend delivery of service, for any default or breach of the Service Agreement by the Customer, but no such termination or suspension will be made by Company without five (5) days written notice, excluding Sundays and legal holidays, to Customer, stating in what particular the Service Agreement has been violated, except in cases of unlawful or unauthorized use of service by Customer, or dangerous leakage or short circuit on Customer's side of the point of delivery, or in case of utilization by Customer of service in such manner as to cause danger to persons or property. Failure of Company at any time to either suspend delivery of service or to terminate the Service Agreement, or to resort to any other legal remedy, or its adoption of either one or the other of such alternatives, shall not affect Company's right to resort to any of such remedies for the same or any future default or breach by Customer.

**17. Successors and Assigns:** Service Agreements inure to the benefit of and are binding upon the respective heirs, legal representatives, successors and assigns of the parties thereto; but no assignment by Customer shall be binding upon Company until accepted in writing by the latter.

**SECTION III - SUPPLY AND TAKING OF SERVICE**

**18. Supplying of Service:** Service is supplied only under and pursuant to these Service Regulations and the applicable Rate Schedule, Riders, and Regulatory Rules. Service is supplied under a given Rate Schedule only at such points of delivery as are adjacent to facilities of Company adequate and suitable, as to capacity and voltage, for the service desired.

Service will be subject to disconnection and deposit requirements as provided by rules of the Minnesota Public Utilities Commission and other applicable law, if, at the time of application for service, the Customer is indebted to the Company for service previously supplied at the same or another address.

**19. Disconnection of Service:**

A. With Notice - Service may be disconnected with notice for any reason under Minn. Rules Part 7820.1000 or as may otherwise be provided in Company's Service Regulations, Service Schedules or Service Agreements.

B. Without Notice - Service may be disconnected without notice for any reason under Minn. Rules Part 7820.1100 or as may otherwise be provided in Company's Service Regulations, Service Schedules or Service Agreements.

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**20. Reconnection of Service:** Company shall reconnect service following disconnection for non-payment only after all past due accounts, deposits and reconnection fees, where applicable, shall have been paid.

- A. The Service Reconnection Fee shall be as follows:
  - i. \$20.00 between the hours of 8:00 AM and 4:30 PM Monday through Friday.
  - ii. \$100.00 after 4:30 PM, before 8:00 AM and on Saturdays, Sundays and legal holidays.
- B. Where service has been disconnected under Minn. Rules Part 7820.1100.B., a reconnection fee will not be required.
- C. Following disconnection under Minn. Rules 7820.1100.A., reconnection will occur only after Company has received payment from Customer of the following:
  - i. Power and energy not recorded on the meter at the appropriate rate, the amount of which may be estimated by Company based on the best available data.
  - ii. All expenses incurred by Company due to any such unauthorized act or acts.

**21. Service Relock Penalty:**

- A. Company shall assess a Service Relock Penalty of \$100 where the Company has previously disconnected service and is required to subsequently return to relock or disconnect the service after it was connected by a Customer without Company authorization.
- B. Company shall assess a penalty for all expenses incurred if additional disconnection of service is required at Customer premises.
- C. In the event of any loss or damage to such property of Company or other person caused by or arising out of carelessness, neglect or misuse by Customer or other unauthorized persons, the cost of making good such loss or repairing such damage shall be paid by Customer.

**22. Continuity of Service:** Company will endeavor to provide continuous service but does not guarantee a constant supply of electric energy and shall not be liable to Customer for damages occasioned by interruption, except as provided by law. The Company shall not be liable for any loss of profits, special, or consequential damages resulting from the use of service or any interruption or disturbance of service.

In the event of power shortage any curtailment among Customers shall be made as nearly as practical pro rata without liability on the part of Company to any Customer affected.

If any part of service furnished by Company is employed for purpose of pumping water, Company assumes no obligation to maintain an adequate supply for fire protection, or any other purpose, whatsoever, and such use shall not subject Company to any liability to any party for damages to person or property due to failure of water supply resulting from an interruption or deficiency of electric service from whatsoever cause the same may arise.

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**ELECTRIC SERVICE REGULATIONS of MINNESOTA POWER**

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28. **Location of Point of Attachment:** Customer's Point of Attachment is to be located at a point readily accessible to Company's distribution mains. Customer shall install and maintain a point of attachment for Company's service drop. Said point of attachment shall be of sufficient mechanical strength to support the wind and ice loaded weight of the service drop and shall be located as determined by the Company.

**SECTION IV - CUSTOMER'S INSTALLATION**

29. **Nature and Use of Installation:** All of Customer's wires, apparatus and equipment shall be selected with the view to obtaining safety, good efficiency, good voltage regulation and the highest practicable power factor and shall be installed in accordance with standard practices. Customer shall install and maintain, on Customer's side of point of delivery, suitable protective equipment as may be required by the Company for the protection of its service to other customers and may not employ or utilize any equipment, appliance or device so as to affect adversely Company's service to Customer or to others. The Company's failure to require such equipment shall not operate to relieve Customer from the obligation to utilize and comply with standard practices. Company may require auto starters or other suitable starting devices for motors above 5 horsepower. When polyphase service is supplied by Company, Customer shall control the use thereof so that the load at the point of delivery will be maintained in reasonable electrical balance between the phases.

Installations of neon, fluorescent, mercury vapor lamps or tubes, or other types of gaseous tube lamps, or other devices having low power factor characteristics, should be equipped with corrective apparatus to increase the power factor of each unit or separately controlled group of units to not less than approximately 90% lagging.

30. **Inspection by Company:** Company retains the right, but does not assume the duty, to inspect Customer's installation at any time and will refuse to commence or to continue service whenever it does not consider such installation to be in good operating condition, but Company does not in any event assume any responsibility whatever in connection with such matters.

31. **Changes in Installations:** As Company's service drops, transformers, meters, and other facilities used in supplying service to Customer have a definite limited capacity, Customer shall give notice to Company, and obtain Company's consent, before making any material changes or increases in Customer's installation. Company as promptly as possible after receipt of such notice will give its approval to the proposed change or increase, or will advise Customer upon what conditions service can be supplied for such change or increase. Failure to secure Company's approval shall make Customer liable for any damage to Company's facilities.

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**SECTION V - COMPANY'S INSTALLATION**

32. **Installation and Maintenance:** Except as otherwise provided in these Service Regulations, in Service Agreements or Rate Schedules, Company will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required to install or maintain any lines or equipment, except meters, on Customer's side of the point of delivery. Only Company's agents are authorized to connect Company's service drop to Customer's service entrance conductors and to connect Company's meters.

(a) **Electrical Permit:** The Company is prohibited from connecting its service drop to Customer's service entrance conductors until permitted by the governmental authority having jurisdiction.

(b) **Standard Connection:** The ordinary method of connection between Company's distribution mains and Customer's service entrance conductors will be by overhead wires. If Customer desires to have connection made in any other manner, special arrangements will be made between Customer and Company by which the connection will be made and maintained at Customer's expense.

(c) **Suitable Space:** The Customer shall provide at no cost to Company a suitable room or space for Company's transformers and equipment specifically used in providing service to Customer when such room or space is deemed necessary by Company.

33. **Protection by Customer:** Customer shall protect Company's wiring and apparatus on Customer's premises and shall permit no one except Company's agents or persons authorized by law to inspect or handle same. In the event of any loss or damage to such property of Company or other person caused by or arising out of carelessness, neglect or misuse by Customer or other unauthorized persons, the cost of making good such loss or repairing such damage shall be paid by Customer.

Company shall not be responsible to Customer or any other party because of any damage resulting from such installations which are not readily subject to inspection from the ground and the exterior of the premises, or from the meter location, unless Customer shall have notified Company of a condition which, in the reasonable opinion of the Customer, requires attention and the Company shall have had a reasonable time within which to inspect and, if necessary, repair the same.

34. **Customer Extensions:** The Company, at its own expense, makes extensions where the revenue therefrom is sufficient, in Company's opinion, to justify the necessary expenditure.

Where the Company cannot be assured that the business offered is of sufficient duration, where unusual expenditures are necessary to supply service because of location, size or character of installation, or where area requirements of regulatory bodies may control, the Customer or Customers shall make arrangements satisfactory to Company dependent upon the particular conditions of each situation.

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35. **Alteration of Facilities:** Company will, at its discretion, alter, relocate, convert to underground, or remove Company's facilities as may be requested in writing by Customer. Customer shall pay Company for all costs, except as limited below, associated with such alteration, relocation, conversion to underground, or removal including any new facilities required to provide service after the alteration, relocation, conversion, or removal.

Customers requesting the alteration, relocation, conversion, or removal shall pay the estimated cost for the change, less salvage, of the facilities required to effect such change prior to Company committing funds for the work. Where the actual cost is different from the estimated cost upon which the advance payment was based, as determined upon completion of the requested alteration, relocation, or removal, Company will refund any excess payment made by Customer or render a bill for any additional amount due. However, where Company's estimated cost is less than \$5,000, and actual cost exceeds such estimate, the additional amount due by Customer shall not exceed 15 percent of the estimate, regardless of the amount of actual cost.

**SECTION VI - METERING**

36. **Installation:** Company shall furnish and install the necessary meter or meters, and Customer shall provide and maintain a location, free of expense and satisfactory to Company, all in accordance with Company's Metering Standards.

37. **Evidence of Consumption:** Unless proven to be inaccurate, the registration of Company's meter shall be accepted and received at all times and places as prima facie evidence of the amount of power and energy taken by Customer.

38. **Tests:** Company tests its meters and maintains their accuracy of registration in accordance with good practice. On request of Customer, Company will make a special test which will be done at the expense of the Company. If the Customer requests another test before the expiration of a twelve-month period, the Customer shall bear the cost of the test if the meter is found to be in error by less than 2%, fast or slow. The average registration accuracy of a meter is taken as the mean of full load (100% of rated load) accuracy, and light load (5-10% of rated load) accuracy. At Company's discretion, tests may be made under average load conditions.

**SECTION VII - PARALLEL GENERATION**

39. **Design:** Customer's electric generating equipment shall be designed (1) to operate in synchronization with Company's system and (2) to automatically disconnect the facility from Company's system in the event Company's system becomes de-energized. All synchronizing and protective devices to accomplish this mode of operation shall be provided and maintained by Customer.

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**ELECTRIC SERVICE REGULATIONS of MINNESOTA POWER**

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40. **Disconnection:** Customer shall provide and maintain a manual, lockable disconnect switch providing a visible open and capable of isolating the Customer's generator from the Company's electrical system. This disconnect switch shall be readily accessible to Company personnel at all times, shall include a provision for padlocking it in the open position, and shall meet all other reasonable requirements established by Company.

41. **Customer Responsibility:** Customer shall pay for the cost of rebuilding and/or modifying Company facilities to provide adequate capacity for the parallel generation system and adequate protection for the Company's electrical system.

Customer shall be subject to Company's Safety Standards and Interconnection Requirements Applicable to Cogenerators and/or Small Power Producers of Minnesota Power as filed annually with the Commission. Copies of such standards shall be made available to Customer upon request and are available at [www.mnpower.com](http://www.mnpower.com).

**SECTION VIII - BILLING**

42. **Billing Periods:** Bills ordinarily are rendered regularly at monthly intervals, but may be rendered more or less frequently at Company's option. Non-receipt of bills by Customer does not release or diminish the obligation of Customer with respect to payment thereof.

43. **Separate Billing for Each Point of Delivery:** At each point of delivery the use of service is metered separately for each Customer served. Whenever for any reason Company furnishes two or more meter installations for a single Customer, or supplies service under a Rate Schedule which does not require a meter, each point of metering and/or point of delivery where no meter is required is considered as a separate service. A separate Service Agreement is required, and bills are separately calculated, for each such separate service, except where Company may, under special circumstances, waive this requirement.

44. **Adjustment for Inaccurate Meter Registration:**

Meter too fast or too slow: In the event that any routine or special test of a Company meter discloses its average accuracy of registration to be in error by more than 2%, fast or slow, Company will refund the overcharge for a fast meter or charge for electricity consumed, but not included in the bills previously rendered for a slow meter. The refund or charge for both fast and slow meters will be based on corrected meter readings for a period equal to one-half the time elapsed since the last previous test but not to exceed six (6) months, unless it can be established that the error was due to some cause, the date of which can be fixed with reasonable certainty, in which case the refund or charge will be computed to that date, but in no event for a period longer than one (1) year.

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**ELECTRIC SERVICE REGULATIONS of MINNESOTA POWER**

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Whenever any bill or bills have been adjusted or corrected as provided above, the Company will refund to existing Customer any amount due when the amount due exceeds one (\$1) dollar or to previous Customer any amount due when the amount due exceeds two (\$2) dollars or Company will bill Customer for any amount owed when the amount owed exceeds ten (\$10) dollars, as the case may be.

Meter fails to register or registers intermittently: When the average error cannot be determined by test because the meter is not found to register or is found to register intermittently, the Company may charge for an estimated amount of electricity used, which shall be calculated by averaging the amounts registered over corresponding periods in previous years or in the absence of such information, over similar periods of known accurate measurement preceding or subsequent thereto, but in no event shall such charge be for a period longer than one year.

If a Customer has called to the Company's attention doubts as to the meter's accuracy and the Company has failed within a reasonable time to check it, there shall be no back billing for the period between the date of the Customer's notification and the date the meter was checked.

**45. Late Payment Charge:** Company shall assess a Late Payment Charge of 1-1/2% or \$1.00 per monthly billing period, whichever is greater, on that portion of a retail Customer's account representing charges for Company service(s) past due, if the unpaid balance exceeds \$10.00. All late payments received will be credited against the oldest outstanding account balance before the application of any Late Payment Charge. The unpaid Company account balance for a Customer under the Budget Billing Plan or another Company approved payment plan shall mean that the Company budget arrears balance and not the accumulated actual Company balance will be subject to a Late Payment Charge. No Late Payment Charge will be charged on the portion of the Company balance in dispute while dispute procedures are underway. A Late Payment Charge may be retroactively charged on the settled amount after dispute procedures are completed. At Company's discretion, any Late Payment Charge, or portion thereof, may be waived provided such waiver is consistent with the Minnesota Public Utilities Act.

**A. Residential customer:** A Late Payment Charge shall be added to any Company account for which payment is not received and credited by Company by the next scheduled billing date. Residential customer who qualifies for assistance under the Low Income Home Energy Assistance Program (LIHEAP) may request waiver of the Late Payment Charge on the "current bill" portion of each monthly bill. Self-qualification using LIHEAP income guidelines will be permitted for Senior Citizens at age 62 or older. Efforts will be made by Company to work with local governmental agencies to pre-qualify Customers where administratively feasible. Customer accounts must be re-qualified annually.

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months; provided, however, that a Large Light and Power Customer whose normal monthly firm demand is below 10,000 kW shall be billed on the Large Power Service Schedule in months in which its measured demand, as adjusted for power factor, exceeds 10,000 kW, and shall go back to the Large Light and Power Service Schedule when its demand falls below 10,000 kW. Rules applicable to specific Rate Schedules shall apply when Customer desires service on other than a continuous annual basis, or the term of service provision of the Rate Schedule is greater than one (1) year.

If, for any cause a Service Agreement is entered into in which is specified a Rate Schedule not applicable to the class of service taken, on discovery of the error all bills rendered during the preceding twelve (12) months will be recalculated in accordance with the properly applicable Rate Schedule and Company will refund to existing Customer any amount due, when the amount due exceeds one (\$1) dollar or to previous Customer any amount due, when the amount due exceeds two (\$2) dollars, or Company will bill Customer for any amount owed, when the amount owed exceeds ten (\$10) dollars, as the case may be. If the amount due Company is not paid within ten (10) days from presentation of bill, or Customer does not agree to payment over a reasonable period of time, or Customer fails to sign a new Service Agreement, Company may, after five (5) days written notice excluding Sundays and legal holidays, disconnect service.

**50. Proration of Bills:** Bills for energy used during a billing period that is longer or shorter than the normal billing period by more than five (5) days shall be prorated on a daily basis, but no billing will be made for three (3) or less days when no energy is used. However, in no event will the total length of service between initial and final service be taken as less than one (1) month.

No bill will be prorated for change in operating level within the billing period.

**51. Company Billing Errors:** When a Customer has been overcharged or undercharged as a result of incorrect reading of the meter, incorrect application of rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be refunded to the Customer or the amount of the undercharge may be billed to the Customer as detailed in Minnesota Administrative Rules 7820.3800 subparts 2 through 4.

**A. Remedy for overcharge.** If a Customer was overcharged, the Company shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, plus interest up to a maximum of three years from the date of discovery. Interest will be calculated as prescribed by Minnesota Statutes, section 325E.02(b). If the recalculated amount indicates that more than \$1 is due an existing Customer or \$2 is due a person no longer a Customer of the Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the Customer.

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**Approved by:** Marcia A. Podratz  
**Marcia A. Podratz**  
**Director - Rates**





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**ELECTRIC SERVICE REGULATIONS of MINNESOTA POWER**

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B. Information requested under Minn. Rules Part 7820.4300 or 7820.4400 is not provided within twenty (20) days of the request for service (except where Customer has sought but not yet received credit information from a prior utility).

C. Information provided pursuant to Minn. Rules Part 7820.4300 or 7820.4400 is determined to be false or erroneous.

56. **Conditional Service Prior to Establishment of Credit:** Conditional service shall be provided expeditiously upon receipt of an application for service, and for up to twenty (20) days until credit has been satisfactorily established. Conditional service may be disconnected immediately without notice if required information or a required deposit or guarantee has not been received twenty (20) days after Company's request.

**SECTION X – COLD WEATHER RULE**

57. **Applicability.** This section applies only to residential customers of the Company.

58. **Definitions.**

A. The terms used in this section have the meanings given them in Minnesota Statute, 216B.096.

B. "Cold weather period" means the period from October 15 through April 15 of the following year.

C. "Customer" means a residential customer of the Company.

D. "Disconnection" means the involuntary loss of Company heating service as a result of a physical act by the Company to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts Company service in any way.

E. "Household income" means the combined income, as defined in Minnesota Statutes 290A.03, subdivision 3, of all residents of the Customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

F. "Reasonably timely payment" means payment within five working days of agreed-upon due dates.

G. "Reconnection" means the restoration of Company heating service after it has been disconnected.

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- H. "Summary of rights and responsibilities" means a Commission-approved notice that contains, at a minimum, the following:
- 1) an explanation of the provisions of subdivision 5;
  - 2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;
  - 3) a third-party notice;
  - 4) ways to avoid disconnection;
  - 5) information regarding payment agreements;
  - 6) an explanation of the Customer's right to appeal a determination of income by the Company and the right to appeal if the Company and the Customer cannot arrive at a mutually acceptable payment agreement, and a list of names and telephone numbers for county and local energy assistance, and weatherization providers in each county served by the Company.
- I. "Third-party notice" means a commission-approved notice containing, at a minimum, the following information;
- 1) a statement that the Company will send a copy of any future notice of proposed disconnection of Company heating service to a third party designated by the residential customer;
  - 2) instructions on how to request this service; and
  - 3) a statement that the residential customer should contact the person the Customer intends to designate as the third-party's name.
- J. "Company" means Minnesota Power.
- K. "Company heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment, for the Customer's primary residence.
- L. "Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing a notice shall not be counted in calculating working days.

59. **Company obligations before cold weather period.** Each year, between September 1 and October 15, the Company must provide all Customers, personally or by first class mail, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

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60. **Notice before disconnection during cold weather period.** Before disconnecting Company heating service during the cold weather period, the Company must provide, personally or by first class mail, a commission-approved notice to a Customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of right and responsibilities.

61. **Cold Weather Rule**

- A. During the cold weather period, the Company may not disconnect and must reconnect Company heating service of a Customer whose household income is at or below 50 percent of the state median income if the Customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the Company that is based on the financial resources and circumstances of the household; provided that, the Company may not require a Customer to pay more than ten percent of the household income toward current and past Company bills for Company heating service.
- B. The Company may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the Customer
- C. The Customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the Customer's financial circumstances have changed or the Customer is unable to make reasonably timely payments.
- D. The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the Customer and the Company
- E. The Company shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration Customer availability.

62. **Verification of income**

- A. In verifying a Customer's household income, the Company may:
  - 1. accept the signed statement of a Customer that the Customer is income eligible;
  - 2. obtain income verification from a local energy assistance provider or a government agency;

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3. consider one or more of the following:
    - i. the most recent income tax return filed by members of the Customer's household;
    - ii. for each employed member of the Customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;
    - iii. documentation that the Customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider; a letter showing the Customer's dismissal from a job or other documentation of unemployment; or
    - iv. other documentation that supports the Customer's declaration of income eligibility.
  - B. A Customer who receives energy assistance benefits under any federal, state or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.
63. **Prohibitions and requirements.**
- A. Section 63 applies during the cold weather period.
  - B. The Company may not charge a deposit or delinquency charge to a Customer who entered into a payment agreement or a Customer who has appealed to the Commission under Minnesota Statutes 216B.096 subdivision 8.
  - C. The Company may not disconnect service during the following periods:
    - 1) during the pendency of any appeal under Minnesota Statutes 216B.096 subdivision 8;
    - 2) earlier than ten working days after the Company has deposited in first class mail, or seven working days after the Company has personally served, the notice required under Minnesota Statutes 216B.096 subdivision 4 to a Customer in an occupied dwelling;
    - 3) earlier than ten working days after the Company has deposited in first class mail the notice required under Minnesota Statutes 216B.096 subdivision 4 to the recorded billing address of the Customer, if the Company has reasonably determined from an on-site inspection that the dwelling is unoccupied;

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- 4) on a Friday, unless the Company makes personal contact with and offers a payment agreement consistent with this section to the Customer;
  - 5) on a Saturday, Sunday, holiday, or the day before the holiday;
  - 6) when Company offices are closed;
  - 7) when no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service, or;
  - 8) when Commission offices are closed.
- D. The Company may not discontinue service until the Company investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the Company to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the Company must attempt a second contact during non-business hours. If personal contact is made, the Company representative must provide notice required under Minnesota Statutes 216B.096 subdivision 4 and, if the Company representative is not authorized to enter into a payment agreement, the telephone number the Customer can call to establish a payment agreement.
- E. The Company must reconnect Company service if, following disconnection, the dwelling is found to be occupied and the Customer agrees to enter into a payment agreement or appeals to the commission because the Customer and the Company are unable to agree on a payment agreement.
64. **Disputes, Customer appeals.**
- A. The Company must provide the Customer and any designated third party with a Commission-approved written notice of the right to appeal:
    - 1) the Company determination that the Customer's household income is more than 50 percent of state median household income; or
    - 2) when the Company and Customer are unable to agree on the establishment or modification of a payment agreement.
  - B. A Customer's appeal must be filed with the Commission no later seven working days after the Customer's receipt of a personally served appeal notice, or within ten working days after the Company has deposited a first class mail appeal notice.
  - C. The Commission must determine all Customer appeals on an informal basis, within 20 working days of receipt of a Customer's written appeal. In making its determination, the Commission must consider one or more of the factors in Minnesota Statutes 216B.096 subdivision 6.

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**ELECTRIC SERVICE REGULATIONS of MINNESOTA POWER**

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74. **Franchise Fees Notification:** The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days' notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise fee ordinance, or other operative document authorizing imposition of, or change in, the fee.

75. **Franchise Fees Customer Notification:** The following language will be included with the first customer bills on which a new or amended franchise fee is collected:

The City of \_\_\_\_\_ granted Minnesota Power a franchise to operate within the City limits. An electric franchise fee of (\_\_\_\_% OF GROSS REVENUES or \$\_\_\_\_\_ PER METER or \$\_\_\_\_\_ PER KWH) will be imposed on customers effective MM/DD/YYYY. The line item appears on your bills as "\_\_\_\_\_Franchise Fee." Minnesota Power remits 100% of this fee to the City of \_\_\_\_\_.

76. **Regulation and Jurisdiction:** Electric service shall be available from Company at the rates and under the terms and conditions set forth in the currently applicable Rate Schedule or other superseding Rate Schedules in effect from time to time. All the rates and regulations referred to herein are subject to amendment and change by Company. Any such amendments or changes may be subject to acceptance or approval by any regulatory body having jurisdiction thereof.

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**Director - Rates**

## **Exhibit D**

### **Minnesota Power Rate Schedules and Tariffs**

#### **Applicable to Service through December 31, 2021**

1. Large Power Service Schedule
2. Rider for Fuel and Purchased Energy Adjustment
3. Rider for Expedited Billing Procedures
4. Rider for Large Power Incremental Production Service
5. Rider for Released Energy
6. Rider for Distributed Generation Service
7. Rider for Renewable Resources
8. Rider for Transmission Cost Recovery
9. Rider for Boswell Unit 4 Emission Reduction

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**LARGE POWER SERVICE**

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**RATE CODES**

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**APPLICATION**

The Large Power Service Schedule ("LP Schedule") applies to electric service delivered from existing Company facilities of adequate type and capacity, where Customer and Company have executed an Electric Service Agreement ("ESA") agreeing to the purchase and sale of Large Power Service and supplementing the terms and conditions of Large Power Service set forth in this LP Schedule.

Service under this LP Schedule is also subject to Company's Electric Service Regulations as well as all riders and other tariffs applicable to Large Power Service.

Customer shall not be entitled to purchase any service from the Company under this LP Schedule for purposes of resale to any other entity or to the Company.

**ELECTRIC SERVICE AGREEMENTS**

Every ESA and every amendment or modification of an ESA must be approved by the Minnesota Public Utilities Commission ("Commission") as a supplemental addition to this LP Schedule.

At a minimum, every ESA shall include the following:

- (a) The connection point(s) of Company's and Customer's equipment at which Customer takes service ("Points of Delivery");
- (b) The voltage level(s) at which service will be supplied;
- (c) A method for determining Firm Demand (as defined below) in each month of the term of the ESA;
- (d) An Incremental Production Service Threshold as defined in the Rider for Large Power Incremental Production Service, as applicable;
- (e) A confidentiality agreement; and
- (f) Any terms or conditions that differ from or are additional to the terms and conditions specified in this LP Schedule or in any rider or tariff applicable to Large Power Service.

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**LARGE POWER SERVICE**

Unless otherwise specifically approved by the Commission, each ESA shall have an initial minimum term of ten (10) years and shall continue in force until either party gives the other party written notice of cancellation at least four years prior to the time such cancellation shall be effective.

The effective date of each ESA shall be subject to approval by the Commission.

No Commission approval of any ESA shall act to prevent the Commission from later increasing or decreasing any of the rates or charges contained in this LP Schedule, any Rider or any other tariff applicable to Large Power Service. Nor shall any Commission approval of any ESA exempt any Customer from the applicability of any such increased or decreased charges.

An ESA shall be binding upon the Company and the Customer and their successors and assigns, on and after the effective date of the ESA; provided, however, that neither party may assign that ESA or any rights or obligations under the ESA without the prior written consent of the other party, which consent shall not unreasonably be withheld.

Inasmuch as all ESAs will contain confidential information with respect to Customer electric usage levels and other proprietary information of both the Customer and the Company ("Confidential Information"), all ESAs are to be marked as trade secret in their entirety for purposes of the Minnesota Government Data Practices Act. For this purpose, Confidential Information includes all disclosures, information and materials, whether oral, written, electronic or otherwise, relating to the business of either the Customer or the Company, that is not generally available to the trade or the public. The ESA may specifically expand this definition to ensure Customer-specific and/or Company-specific protections are in place. Because use and disclosure of Confidential Information requires a written agreement, the Company and the Customer will agree to such use and disclosure in each ESA.

For purposes of ESAs capitalized terms used in this LP Schedule shall have the same meaning as capitalized terms in the ESA.

For purposes of ESAs, the term "Holidays" shall mean New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas Eve Day, Christmas Day, and New Year's Eve Day.

For purposes of ESAs, the term "Office" shall mean the Minnesota Office of Energy Security or its successor organization.

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**Marcia A. Podratz**  
**Director - Rates**

**LARGE POWER SERVICE****TYPE OF SERVICE**

Unless otherwise agreed in an ESA, Large Power Service shall be three phase, 60 hertz, at Company's available transmission voltage of at least 115,000 volts. Customer may specifically request to take all or any portion of its Large Power Service at Company's available high voltage of 13,000 through 69,000 volts, and such lower voltage deliveries may be subject to a Service Voltage Adjustment as described below.

**BASE RATES (MONTHLY)**

The following charges (as modified by the Adjustments described below) shall apply to all service under this LP Schedule and the ESAs (collectively, the "Base Rates"):

**Demand Charge**

A single application for the first 10,000 kW or less of Firm Demand	\$216,276
All additional kW of Firm Demand (\$/kW)	\$19.85

**Energy Charge**

All Firm Energy kWh (¢/kWh) (All On-Peak and Off-Peak)	1.232¢
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**Excess Energy Charge**

All kWh of Excess Energy shall be billed at 110% of the Company's Incremental Energy Cost as described more fully in paragraphs 2 and 3 under "ENERGY"

**ADJUSTMENTS**

Company may modify Base Rates by the following adjustments:

1. Service Voltage Adjustment. Unless otherwise agreed in the ESA, where service delivery voltage is at Company's available high voltage of 13,000 through 69,000 volts, Company will increase the Demand Charge by \$1.75 per kW of Firm Demand for that portion of Firm Demand taken at 13,000 through 69,000 volts.

2. Fuel and Purchased Power Adjustment / Conservation Adjustment / Resource Adjustment. A fuel and purchased energy adjustment will be determined in accordance with the Rider for Fuel and Purchased Energy Adjustment and a conservation program

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adjustment will be determined in accordance with the Rider for Conservation Program Adjustment. The combination of the Fuel and Purchased Power adjustment and the Conservation Program Adjustment will be shown on customer's bill as the Resource Adjustment.

3. AREA Adjustment. An emissions-reduction adjustment will be determined in accordance with the Rider for Arrowhead Regional Emission Abatement (AREA).

4. Transmission Adjustment. A transmission investment adjustment will be determined in accordance with the Rider for Transmission Cost Recovery.

5. Renewable Resource Adjustment. A renewable resources adjustment will be determined in accordance with the Rider for Renewable Resources.

6. CARE Affordability Surcharge: There shall be added to the monthly bill, as computed above, an Affordability Surcharge determined in accordance with the Pilot Rider for Customer Affordability of Residential Electricity (CARE).

7. Boswell 4 Plan Adjustment: There shall be added to the monthly bill, as computed above, an emissions-reduction adjustment determined in accordance with the Rider for Boswell Unit 4 Emission Reduction.

8. Taxes and Assessments. An adjustment for the applicable proportionate part of any taxes and assessments imposed by any governmental authority which are assessed on the basis of meters or customers, or the price of or revenues from electric energy or service sold, or the volume of energy generated, transmitted or purchased for sale or sold.

9. City of Duluth Franchise Fee. An adjustment for customers located within the corporate limits of the City of Duluth as specified in the Rider for City of Duluth Franchise Fee.

**MEASURED AND ADJUSTED DEMAND**

The measured demand ("Measured Demand") in the month shall be the sum of kW measured from all of the Points of Delivery specified in the ESA during the 15-minute period of Customer's greatest use during the month.

The adjusted demand ("Adjusted Demand") in the month shall be the Measured Demand increased by one kilowatt for each 20 kvar of excess reactive demand. Excess reactive demand means the amount by which the maximum 15-minute measured kvar during the month exceeds 50% of the first 20,000 kW of Measured Demand plus 25% of all additional kW of Measured Demand.

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**LARGE POWER SERVICE**

This provision shall supersede all references to Metered Demand, Measured Demand, and Adjusted Demand in the Customers' ESAs.

**DEMAND**

1. Firm Demand. The Customer's ESA specifies the amount of Firm Demand in any billing month. In general, the Firm Demand will be the greater of the kW of Customer's Adjusted Demand or such higher Firm Demand specified, selected, nominated, determined or agreed upon in the Customer's ESA. Regardless of how the ESA describes or calculates the Customer's contractual demand in any billing month for purposes of applying the Demand Charge, this amount shall be deemed to be the Customer's Firm Demand for purposes of this LP Schedule and the application of the Demand Charge.

2. Demands in Excess of Firm Demand. Company will endeavor to serve Customer requirements for power in excess of Firm Demand, but Company has no responsibility or liability whatsoever for failing to provide any power in excess of Firm Demand.

**DEMAND NOMINATIONS**

1. Demand Nomination increases, for all Customers who notify the Company periodically throughout the year per the terms of their respective ESAs, need to be made by the last business day excluding weekends and Holidays prior to the nominating deadlines specified in the Customers' ESAs. This provision shall supersede all references to all language in Customers' ESAs relating to nomination notice deadlines.

**ENERGY**

1. Firm Energy. Firm Energy shall mean the total electric consumption of the Customer measured in kilowatt-hours ("kWh") in each hour of the billing month, regardless of whether it is taken during peak or off peak hours, but limited to no more than the Customer's Firm Demand in any hour. In general, the amount of Firm Energy billed in each hour of the billing month will be equal to the amount of Firm Demand in that month unless modified by terms in the Customer's ESA.

2. Excess Energy. Excess Energy shall be the kWh of energy taken by Customer in each hour of the month in excess of the allowable Firm Energy levels specified in the Customer's ESA in that hour, unless the Customer takes such energy under the Rider for Large Power Incremental Production Service or another Rider applicable to Large Power Service and available to the Customer pursuant to its ESA.

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3. Excess Energy shall be billed at 110% of the Company's Incremental Energy Cost in month. Company's Incremental Energy Cost shall be determined each hour of the month and shall include fuel costs and variable operation and maintenance expenses for generating or purchasing the excess energy. Company's Incremental Energy Cost will be the highest cost energy after assigning lower cost energy to: all firm retail and wholesale customer requirements; all intersystem (pool) sales that involve capacity on a firm or participation basis; and all interruptible sales to Large Power, Large Light and Power, and General Service customers; but not including sales for Incremental Production Service.

**PAYMENT**

All bills for Large Power Service are due and payable at any office of Minnesota Power 15 days following the date the Company renders the bill or such later date as may be specified on the bill unless the Customer is subject to the Rider for Expedited Billing Procedures—Large Power Class or Customer specifically agrees to be subject to the Rider for Expedited Billing Procedures—Large Power Class in the ESA. Payments must be received by Minnesota Power on or before such due date and shall not be considered as payment received until the funds are usable or collectible by Minnesota Power. If Company does not receive payment on or before the due date printed on the bill, the bill shall be past due and delinquent.

**LARGE POWER SURCHARGE**

For new customers with Firm Demand in excess of 50,000 kW in any twenty-four month period, or for existing customers with increases in Firm Demand of more than 50,000 kW in any twenty-four month period, the additional Firm Demand in excess of 50,000 kW will be subject to a Large Power Surcharge. The Company will assess the Large Power Surcharge for a period of five years from the date the Customer executes a binding Commitment Agreement to take the power. The Large Power Surcharge will cover the additional cost to Company of obtaining the necessary power supply. The Large Power Surcharge shall be the sum of a Capacity Portion and Energy Portion as described below. If the sum is negative then the Large Power Surcharge shall be zero.

**Capacity Portion**

For each kW of Firm Demand subject to surcharge Company shall add to the Demand Charge the excess of Company's Large Power Surcharge Supply Capacity Costs per kW over Company's Basic Capacity Cost. Company's Large Power Surcharge Supply Capacity Costs per kW will be: 1) Company's cost per kW as purchased from its power

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**LARGE POWER SERVICE**

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suppliers with appropriate adjustments for reserve requirements/replacement power, transmission losses and coincidence factor; 2) The Company's estimated annual Revenue Requirements per kW associated with Company's power production facilities added or refurbished to supply the power; or 3) A blend of the above costs if more than one source is used to supply the power. Company's Basic Capacity Costs per kW will be Company's estimated annual Revenue Requirements associated with Company-owned power production facilities and with Company firm power purchases, exclusive of the estimated annual Revenue Requirements associated with any such purchases or Company-owned power facilities which are covered by a Large Power Surcharge, divided by the aggregate coincidental kilowatts of all customer loads serviced by such generating capacity and purchased capacity, adjusted for estimated transmission losses and load coincidence factor.

Company will advise Customer of the Large Power Surcharge Supply Capacity Costs as soon the Company has made arrangements for the capacity and Company will advise Customer of the Company's Basic Capacity Costs 30 days prior to the beginning of each calendar year in which the surcharge may be applied.

**Energy Portion**

For each kWh delivered to Customer subject to surcharge, Company shall add to the Energy Charge the excess of Company's Actual Large Power Surcharge Supply Energy Costs per kWh over the Company's Basic Energy Costs.

Company's Actual Large Power Surcharge Supply Energy Costs per kWh will be determined monthly as Company's actual cost per kWh for the energy: 1) Generated by and associated with the Purchased Capacity, adjusted for estimated transmission losses; 2) Generated by and associated with Company's power production facilities added or refurbished to supply the power; or 3) A blend of the above costs if more than one source is used to supply the power. Company's Basic Energy Costs per kWh will be Company's estimated annual Revenue Requirements for fuel and associated operation and maintenance expenses at Company-owned power production facilities, and for energy associated with firm power purchases and economy purchases (but exclusive of all emergency and scheduled outage energy, and exclusive of any energy associated with Purchased Capacity and exclusive of energy provided by Company-owned power facilities covered by a Large Power Surcharge) divided by the aggregate associated kilowatt-hours, adjusted for estimated transmission losses.

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Filing Date	<u>December 20, 2013</u>	MPUC Docket No.	<u>E015/M-13-1166</u>
Effective Date	<u>August 1, 2014</u>	Order Date	<u>July 2, 2014</u>

Approved by: Marcia A. Podratz  
**Marcia A. Podratz**  
Director - Rates

**LARGE POWER SERVICE**

Company will advise Customer of the approximate Large Power Surcharge Supply Energy Costs and Company's Basic Energy Costs 30 days prior to the beginning of each calendar year in which the surcharge may be applied.

Where the above surcharge is applicable to only a portion of the electric service taken at one point of delivery, the kWh subject to surcharge shall be the total kWh delivered in the month multiplied by the ratio of the Capacity subject to surcharge over the total Firm Demand at that point of delivery.

**OPERATING PRACTICES**

The Company shall employ operating practices and standards of performance in providing service under this LP Schedule that conform to those recognized as sound practices within the utility industry. In making deliveries of power under this LP Schedule, Company shall exercise such care as is consistent with normal operating practice by using all available facilities to minimize and smooth out the effects of sudden load fluctuations or other variance in voltage or current characteristics that may be detrimental to Customer's operations.

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**Marcia A. Podratz**  
**Director - Rates**

**RIDER FOR FUEL AND PURCHASED ENERGY ADJUSTMENT****FUEL AND PURCHASED ENERGY ADJUSTMENT**

Applicable to electric service under all Company's Retail Rate Schedules except Competitive Rate Schedules Rate Codes 73 and 79 and Erie Mine Site Service Schedule - Rate Code 72.

There shall be added to or deducted from the monthly bill an amount per kilowatt-hour determined as the amount by which the Fuel and Purchased Energy Costs divided by the actual Kilowatt-Hour Sales is greater than or less than the Base Cost of Energy as specified below.

The System Average Fuel and Purchased Energy (FPE) Cost shall be the FPE Cost divided by the Kilowatt-Hour Sales. The System Average FPE Adjustment shall be the System Average FPE Cost less the System Average Base Cost of Energy. The applicable FPE Adjustment will be included monthly on each customer's bill according to customer's rate class.

**AVERAGE FUEL AND PURCHASED ENERGY COST**

The Fuel and Purchased Energy Cost shall be the sum of the following during the first two of the preceding three months: (a) the fossil and nuclear fuel consumed in Company's generating stations, (b) the net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis, this encompasses energy being purchased to substitute for Company's own higher cost energy, (c) the actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in (b) above, (d) the cost of steam from other sources used in the generation of electricity at the Company's generating stations, (e) the cost of the Released Energy Credit paid to Customer(s) for avoided energy purchases under the Rider for Released Energy, (f) the cost of the Buyback Energy Credit paid to Customer(s) for avoided energy purchases under the Rider for Voluntary Energy Buyback, (g) fuel and purchased energy expenses incurred by the Company over the duration of any Commission approved contract, as provided for by Minnesota Statutes, Section 216B.1645, to satisfy the renewable energy obligations set forth in Minnesota Statutes, Section 216B.1691, (h) all MISO costs net of revenues allowed to flow through the FPE Adjustment by Commission's December 20, 2006 Order in Docket No. E-015/M-05-277, excluding the MISO Day 2 costs that are recovered under provision (b) of the FPE Rider, and (i) the cost of the purchase of SO<sub>2</sub> allowances, and less (j) revenues from the sale of SO<sub>2</sub> allowances, (k) the cost of fossil and nuclear fuel and the cost of steam from other sources recovered through inter-system sales including the fuel and steam costs related to economy energy sales and other energy sold on an economic dispatch basis and (l) net revenues from the sale of environmental attributes from any Commission approved contract. The Kilowatt-Hour Sales shall be Company's total kilowatt-hour Sales of Electricity, excluding inter-system sales referred to in (k) above; all for the first two of the preceding three months.

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**Marcia A. Podratz**  
**Director - Rates**

**RIDER FOR FUEL AND PURCHASED ENERGY ADJUSTMENT**

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**CLASS COST FACTORS**

A separate Class Cost Factor shall be applied to calculate the Base Cost of Energy and FPE Adjustment for each Rate Class.

<b>Rate Class</b>	<b>Class Cost Factor</b>
Residential	1.07076
General Service	1.07093
Large Light & Power	1.00424
Large Power	0.97769
Municipal Pumping	0.98103
Lighting	0.74029

**BASE COST OF ENERGY**

The System Average Base Cost of Energy is 1.018¢/kWh. The class-specific Base Cost of Energy for each rate class is obtained by multiplying 1.018¢/kWh by the applicable Class Cost Factor.

<b>Rate Class</b>	<b>Base Cost of Energy</b>
Residential	1.090¢/kWh
General Service	1.090¢/kWh
Large Light and Power	1.022¢/kWh
Large Power	0.995¢/kWh
Municipal Pumping	0.999¢/kWh
Lighting	0.754¢/kWh

**FUEL AND PURCHASED ENERGY ADJUSTMENT**

The FPE Adjustment for each rate class shall be determined by multiplying the System Average FPE Adjustment by the applicable Class Cost Factor.

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**Marcia A. Podratz**  
**Director - Rates**

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**RIDER FOR EXPEDITED BILLING PROCEDURES**

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**APPLICATION**

Applicable to taconite producing customers taking Large Power Service under Schedule 54/74 under Non-Contract Large Power Service Schedule 78, and under any other Large Power rate schedules in effect from time to time.

Service received under Large Light and Power Schedule 55/75 by a taconite producing Large Power customer may also be billed in accordance with this Rider, at the option of Minnesota Power.

Non-taconite customers taking service under a Large Power Service rate schedule may, at their option, be billed in accordance with the terms of this Rider.

The monthly billing requirement of Minnesota Rule 7820.3300 is modified to permit expedited weekly billing of a customer's electric service in accordance with the terms of this Rider.

**TERMS**

1. After instituting weekly billing, the bill payment is due in "same day funds" seven (7) days following issuance of the bill, the "Due Date" for payment. "Same day funds" means funds that are available for the Company's use on the same day as the Due Date. Bills not paid in "same day funds" on or before such Due Date as printed on the bill are "past due", or "delinquent." The weekly billing is based on estimated weekly electric service usage, including the minimum demand charge, not on an actual meter reading. Weekly billing payments received and charges for actual electric service usage will be reconciled each month ("actual billing true-up"). The monthly actual billing true-up shall be reflected on the first weekly billing rendered after such true-up amount has been determined. See Exhibit 1 to this Rider.

2. Customers subject to this Rider will receive credit for expedited billing payments reflecting the time value of funds made available to Minnesota Power earlier than such funds otherwise would have been available under the Company's standard monthly billing cycle. When the customer makes its first payment under the expedited cycle, the time value of money associated with that payment will be determined from the due date of that payment to the customer's due date under the standard monthly billing cycle, using prime plus two and one-half percent (2.5%) as the interest rate.

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**RIDER FOR EXPEDITED BILLING PROCEDURES**

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This time value of money credit ("TVMC") will be determined for each of the succeeding expedited payments. If the customer has not made timely payment of the estimated bills in full in "same day funds" as they become due on the expedited due dates, no time value of money associated with such late payment will be included in the TVMC. The total TVMC determined in a month shall be wire transferred by Minnesota Power to the customer on that customer's due date under the standard monthly billing cycle. The mechanics of this credit are shown on Exhibit 1 of this Rider. The prime rate is defined as the average of the daily prime lending rates offered to preferred customers at the largest bank in the Ninth Federal Reserve District in effect during the month preceding the bill.

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**Director - Rates**

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**RIDER FOR LARGE POWER INCREMENTAL PRODUCTION SERVICE**

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**APPLICATION**

Applicable to any customer taking service under Large Power Service Schedule 54 or 74, whose Electric Service Agreement has a minimum term of at least four (4) years (exclusive of the additional commitments under the Rider for Large Power Interruptible Service) beyond the initiation of Incremental Production Service hereunder and which provides for the sale by the Company and the purchase by the customer of Incremental Production Service, subject to the conditions set forth in the customer's Electric Service Agreement and this Rider. Application of this Rider and establishment of an Incremental Production Service Threshold ("IPST") for those customers with self-generation and whose Electric Service Agreement allows for purchase of Economy Energy shall be at the sole discretion of the Company.

**RATE MODIFICATIONS**Demand Charge

During any Billing Month in which the customer has Measured Demand in excess of the IPST but not greater than 110% of the IPST, the customer's Measured Demand above the IPST shall not be subject to any demand charges or ratchet provisions associated with Contract Demand and Incremental Service Requirements under the Large Power Service Schedule and the customer's Electric Service Agreement unless otherwise provided in this Rider or the customer's Electric Service Agreement.

Energy Charge

During any Billing Month in which the customer has Measured Demand in excess of the IPST but not greater than 110% of the IPST, the energy associated with the customer's Measured Demand above the IPST shall be subject to an energy charge equal to the Incremental Production Rate.

Curtable Incremental Production Rate

The Curtable Incremental Production Rate shall consist of an energy surcharge of \$0.01 per kWh plus the Company's hourly incremental energy costs during the time of the sale including third-party transmission costs incurred by the Company. Incremental energy costs are determined after assigning lower cost energy to all firm retail and firm wholesale customers including all inter-system pool sales which involve capacity on a firm or participation basis, and to all interruptible sales to Large Power, Large Light and Power, and General Service customers.

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Approved by:  Marcia A. Podratz   
**Marcia A. Podratz**  
Director - Rates

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**RIDER FOR LARGE POWER INCREMENTAL PRODUCTION SERVICE**

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**Non-Curtailable Incremental Production Rate**

The Non-Curtailable Incremental Production Rate shall consist of an energy surcharge of \$0.03 per kWh plus the Company's hourly incremental energy costs during the time of the sale including third-party transmission costs incurred by the Company. Incremental energy costs are determined after assigning lower cost energy to all firm retail and firm wholesale customers including all inter-system pool sales which involve capacity on a firm or participation basis, and to all interruptible sales to Large Power, Large Light and Power, and General Service customers.

**Excess Reactive Demand**

Whenever a customer's metered demand exceeds the IPST, the Company shall not bill the customer for any excess reactive demand adjustments below the level specified in the customer's Electric Service Agreement. However, the Company may, at its sole discretion, bill the customer for any excess reactive demand adjustments above the specified level at the Excess Power Demand Charge, with excess reactive demand calculated as indicated in the Large Power Service Schedule.

**SERVICE CONDITIONS**

1. The customer shall be permitted to purchase Incremental Production Service from the Company, for service above the IPST established in the Electric Service Agreement, whenever the customer's Measured Demand during any Billing Month exceeds the IPST. Incremental Production Service shall be provided to the customer to increase production or throughput above historic and contractual Service Requirement levels and not as a replacement for such Service Requirement levels.
2. The customer's Measured Demand shall not exceed 110% of the IPST without the Company's prior written consent, which consent shall not be unreasonably withheld. In the event that the customer exceeds this level without Company consent, the Company may adjust the customer's Contract Demand upward by that amount for the duration of the customer's Electric Service Agreement.

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**Marcia A. Podratz**  
**Director - Rates**



**RIDER FOR LARGE POWER INCREMENTAL PRODUCTION SERVICE**

Additional Service Conditions for Curtailable Incremental Production Service Only

3. The customer shall be provided, whenever possible, information regarding the probable curtailment, the estimated duration of the curtailment, and any availability restrictions for Incremental Production Service one day in advance. Advance notification under this Rider shall be via telephone, facsimile or electronic communication as provided in the customer's Electric Service Agreement.
4. Upon notification from the Company to curtail service, the customer shall reduce its metered demand to the IPST in 10 minutes or less, and for a duration as required by the Company. The curtailment shall be for the entire amount of Incremental Production Service unless otherwise notified by the Company. Ten minute notification under this Rider shall be via automatic control unless otherwise provided in the customer's Electric Service Agreement.
5. The duration and frequency of curtailments shall be at the sole discretion of the Company. Curtailments shall normally occur for reasonable testing requirements, at such times when the Company expects to incur a system peak in excess of its Mid-Continent Area Power Pool ("MAPP") (or successor organization) accredited generating capability (less the required planning reserve) and at such other times when, in the Company's opinion, the reliability of the Company or MAPP systems are endangered. Curtailments shall normally not occur due to high energy costs. Curtailments shall normally occur for capacity related needs before interruptions for any certified interruptible loads for Large Power, Large Light and Power, and General Service customers (those loads that meet the requirements as specified in the MAPP (or successor organization) procedure for the certification of interruptible demand). Unless agreed to in advance by the customer, the Company shall not make additional non-firm off-system energy sales that would, if made, require curtailment of Incremental Production Service.
6. The customer shall pay any and all penalties or other costs incurred by the Company if the customer fails to reduce its metered demand to the IPST or the requested reduction level (but not less than the IPST) within 10 minutes of receiving such notice from the Company. The penalties or other costs shall be divided pro rata between those customers that did not curtail service as requested by the Company.
7. The Company shall reserve the right to discontinue service under this Rider to customers who fail to curtail service as requested by the Company.
8. The Company shall not be liable for any loss or damage, including consequential damages, caused by or resulting from any curtailment of service.

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 Director - Rates

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**RIDER FOR RELEASED ENERGY**

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**APPLICATION**

Applicable to any customer taking service under Large Power Service Schedule 54 or 74. Application of this Rider and establishment of Released Energy Credit ("REC") shall be at the sole discretion of Company and participation by Customer is voluntary.

**RATE MODIFICATIONS**

Energy Credit for Off-System Sales

Customer shall receive a credit during any Billing Month in which Customer and Company have cooperated to make a short-term off-system energy sale. The Released Energy Credit ("REC") shall be a per Megawatt-hour ("MWh") credit for each hour subject to an off-system energy sale. The REC is dependent on whether the off-system sale is of Firm or Interruptible Energy.

Sale of Firm Energy

If the energy made available for sale is associated with Customer's Firm (non-interruptible) Large Power Service requirement, the REC shall equal a negotiated percentage of the sale margin for each hour that such sale opportunity occurs. For purposes of determining the margin for each Megawatt-hour sold, the following formula shall apply:

(Released energy sale price) less (Company's highest Firm Energy cost) less (any and all transmission costs across third-party systems, including energy losses) less (any other cost to effectuate the sale)

Sale of Interruptible Energy

If the energy made available for sale is associated with Customer's Large Power Interruptible Service requirement, the REC shall be a negotiated percentage of the sale margin for each hour that such sale opportunity occurs. For purposes of determining the margin for each Megawatt-hour sold, the following formula shall apply:

(Released energy sale price) less (Company's highest Interruptible Energy cost) less (any and all transmission costs across third-party systems, including energy losses) less (any other cost to effectuate the sale)

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**RIDER FOR RELEASED ENERGY**

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Energy Credit for Avoided Energy Purchases

Company may request, and Customer may voluntarily reduce, Customer's energy requirement during times when Company is purchasing energy to meet its Firm Energy requirement, thereby enabling Company and its customers to avoid higher-cost energy purchases. Company shall provide Customer a Released Energy Credit ("REC") for the reduced energy usage. The REC shall equal up to Ninety Percent (90%) of the avoided energy purchase cost for each hour that such an avoided purchase occurs. The REC shall be allowed as a recoverable cost for Fuel and Purchased Energy Adjustment Clause purposes.

**CONDITIONS**

1. Customer may not purchase Large Power Incremental Production Service ("IPS") as established under the Rider for Large Power Incremental Production Service while participating in Released Energy Credit opportunities.
2. If Customer makes energy available for sale and the identified released energy sale or avoided energy purchase is not actually completed (for example, due to transmission constraints), the REC shall be zero. In the event that a scheduled released energy sale or avoided energy purchase is not completed or the terms and conditions change, Company shall notify Customer of such change as soon as possible.
3. Customers who wish to participate in Released Energy Credit opportunities must provide Company accurate advance weekly load forecasts, which will serve as the basis for determining energy made available for a released energy sale or avoided energy purchase. Company shall establish and administer procedures to ensure actual and verifiable Customer load reductions occur when energy is released for sale or an avoided energy purchase is completed.
4. When Released Energy Credit opportunities are anticipated, Company shall provide advance notice, if possible, of the approximate margins or available energy purchase costs and hours of sale or purchase opportunity available to Customers who have indicated interest. Opportunities for voluntary load reductions shall be posted simultaneously for all eligible customers on the two-way communications network system or other communication method. When possible, notice shall also be made via phone calls to individuals designated by Customer. If two or more notified customers make capacity available for sale for the same time period, Company will prorate the Released Energy Credit among those customers. Released Energy Credits shall be

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**RIDER FOR RELEASED ENERGY**

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determined for each Customer according to the amount of capacity made available for sale by each in proportion to the total amount of capacity made available by all Customers for a given time period.

5. In the event that additional released energy sales or avoided energy purchase opportunities arise during a day, Company shall provide Customers with as much advance notice as possible (via the two-way communications system and phone calls) to enable their participation. Credits associated with such opportunities shall be allocated to Customers on a first-come, first-served basis.
6. Customer may notify Company when Customer desires to reduce energy requirements for released energy sales or avoided energy purchase opportunities. Customer may, in lieu of daily elections, have a "standing agreement" with Company regarding the conditions for Released Energy Credit opportunities, allowable duration, required margins, margin sharing, etc. These agreements, along with daily elections, may be made on a customer by customer basis and shall be considered by Company traders without notice to other customers.
7. Energy shall be made available for sale in increments of 5 MW with a 10 MW minimum, and shall be associated with actual reduced power requirements below Customer's previous scheduled level.

**PENALTY FOR INSUFFICIENT LOAD CONTROL**

In the event that Company has entered into a sale or purchase agreement for energy made available by a Customer, and Customer subsequently fails to maintain sufficient load control during the time(s) of the released energy sale or avoided energy purchase, Customer shall receive no credit for the time that load exceeded the specified level and shall be responsible for any and all costs incurred by Company due to such failure to control load.

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**MINNESOTA POWER**  
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**RIDER FOR DISTRIBUTED GENERATION SERVICE**

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**APPLICATION**

To any Customer taking service under one of Company's following standard rate schedules: Residential Service (Schedule 20), Residential Dual Fuel Interruptible (Schedule 21), Commercial/Industrial Dual Fuel Interruptible (Schedule 26), General Service (Schedule 25), Large Light and Power Service (Schedule 55, 75), Municipal Pumping Service (Schedule 87) and Large Power Service (Schedule 54, 74) and who has entered into the "State of Minnesota Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities" with Company for the interconnection and operation of an on-site extended parallel distributed generation system. The distributed generation system must be:

- a. an operable, permanently installed or mobile generation facility serving the customer receiving retail electric service at the same site; and
- b. fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than 10 MW of interconnected capacity at a point of common coupling to Company's distribution system. The interconnection and operation of distributed generation systems at each point of common coupling shall be considered as a separate application of the Rider.

Service under this Rider shall be required for any Customer who meets the Application criteria in the previous paragraph, subject to the following exceptions: (i) any Customer who takes service, as applicable, under Company's Rider for Parallel Generation as established under Minnesota Rules Chapter 7835 – Cogeneration and Small Power Production; or (ii) any Customer, in lieu of service under this Rider, who pursues reasonable transactions outside this Rider as agreed to by Company and Customer.

Customer shall execute an electric service agreement and a power purchase agreement with Company for service under this Rider. The minimum term of service taken under this Rider shall be one (1) year or such longer period as may be required under the electric service agreement. Service under this Rider is subject to Company's Electric Service Regulations and any other rules as applicable. All provisions of the applicable standard rate schedule shall apply to service under this Rider except as noted below.

**TYPE OF SERVICE**

Output of the distributed generation system shall be provided at 60 hertz and at the voltage and phase relationship specified under Company's applicable standard rate schedule for service to Customer or as agreed to by Company and Customer.

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**RIDER FOR DISTRIBUTED GENERATION SERVICE**

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**RATE (Monthly)**

The following charges and credits are applicable in addition to all charges for service being taken under Company's standard rate schedule:

**Service Charge:** \$15.83

**Capacity/Energy Credits:**

Customer may sell all the energy produced by the distributed generation system to Company, use all the distributed generation system energy to meet its own electric load requirements or use a portion of the energy from the distributed generation system and sell the remaining to Company.

Company shall purchase all capacity and energy made available by Customer from the distributed generation system. Such capacity and energy shall be purchased by Company under the rates, terms and conditions for such purchases as established by Company in a power purchase agreement with Customer.

Capacity Credits shall only be provided on that capacity available to Company which meets the accreditation requirements of the Mid-Continent Area Power Pool or successor organization.

Capacity and Energy Credits shall be based on Company's calculation of avoided capacity and energy costs. The Capacity Credits in effect at the time Customer enters into a power purchase agreement with Company shall remain in effect for the length of the agreement. Energy Credits for use under the power purchase agreement shall vary by month and time period (on-peak and off-peak) and shall be updated annually for the upcoming calendar year. Upon written request by Customer and after Customer signs a confidentiality agreement, Company shall provide Customer the current schedule of Capacity and Energy Credits.

**Delivery Charge (\$/kw):**

Company may require any Customer with a distributed generation system of 1 MW or greater nameplate capacity rating to pay a Delivery Charge for all capacity and energy made available by Customer from the distributed generation system. Such Delivery Charge shall compensate Company for any additional distribution, transmission and ancillary services not included under this Rider provided by Company to Customer through Company's participation in the Midwest Independent Transmission System Operator or successor organization. For applying the Delivery Charge, the capacity shall be determined during the 15-minute period of Customer's greatest capacity delivered to Company during the billing month.

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**RIDER FOR DISTRIBUTED GENERATION SERVICE**

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**Distribution Credits:**

If the installation of the distributed generation system results in Company delaying or avoiding distribution investment, Company shall provide Distribution Credits to Customer that reflect the avoided distribution cost.

Company shall provide, upon Customer's written request, a list of substation areas or feeders that could be likely candidates for Distribution Credits as determined through Company's normal distribution planning process. Upon receiving an application from Customer for the interconnection and operation of a distributed generation system, Company shall perform an initial screening study to determine if the project has the potential to receive Distribution Credits. Customer shall be responsible for the cost of such screening study. If Company's initial study shows that there exists potential for Distribution Credits, Company shall, at its own expense, pursue further study to determine the Distribution Credits, as part of its annual distribution capacity study.

**Line Loss Credits:**

If the installation of the distributed generation system results in Company avoiding additional line losses, Company shall provide Line Loss Credits to Customer that reflect the additional line loss savings.

Company shall perform, upon Customer's written request, a specific line loss study to determine if the project has the potential to receive Line Loss Credits. Customer shall be responsible for the cost of such line loss study.

**Renewable Credits:**

If Company's purchase of capacity and energy from the distributed generation system results in Company meeting a requirement to obtain renewable capacity and energy, Company shall provide Renewable Credits to Customer that equal the additional avoided cost of the renewable addition or purchase. The purchase price of such Renewable Credits shall be net of payment for capacity and energy identified above.

In the event that Customer producing the power receives renewable credits, (that is, the Customer is paid by the Company the avoided cost of renewable energy purchases), then the transaction represented by the power purchase agreement will constitute a transfer from the Customer to the Company of the property rights, for those renewable attributes specific to the renewable energy generated by the Customer and for which the Company paid renewable credits.

Customer may receive either renewable credits or tradable emission credits but not both.

**Tradable Emission Credits:**

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**RIDER FOR DISTRIBUTED GENERATION SERVICE**

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If Company's purchase of capacity and energy from the distributed generation system results in Company receiving an economic value associated with tradable emissions, Company shall provide Tradable Emission Credits to Customer that equal the credit revenues associated with the distributed generation system of such Tradable Emission Credits received by Company. Customer may receive either renewable credits or tradable emission credits but not both.

In the event that Customer producing the power receives tradable emission credits, then the transaction represented by the power purchase agreement will constitute a transfer from the Customer to Company of the property rights, if any, for those tradable emission credits received by Customer and for which Company paid tradable emission credits.

**SERVICE CONDITIONS**

1. All electricity delivered to Company by Customer shall be measured by one or more meters installed at a single point of common coupling or as determined by Company. Company's meter for distributed generation service shall measure the flow of capacity and energy from Customer to Company only. Any flow of capacity and energy from Company to Customer shall be separately metered.
2. Service shall be provided under this Rider if Company has sufficient capacity available in existing transmission and distribution facilities to provide such service at the location where service is requested.
3. Customer shall pay Company the installed cost of any additional required facilities which are not supported by this Rider.
4. Company shall not be liable for any loss or damage, including consequential damages, caused by or resulting from any limitation in providing service under this Rider.

**PROCESS AND TECHNICAL DOCUMENTS AVAILABILITY**

Company distributed generation system process and technical documents are available at [www.mnpower.com](http://www.mnpower.com) or by contacting Company at 218-722-2625 or 30 West Superior Street, Duluth, MN 55802.

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**Effective Date**  June 1, 2011  **Order Date**  November 2, 2010

**Approved by:**  Marcia A. Podratz   
**Marcia A. Podratz**  
**Director - Rates**



**MINNESOTA POWER  
ELECTRIC RATE BOOK - VOLUME I**

**SECTION**  V  **PAGE NO.**  85   
**REVISION**  7

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**RIDER FOR RENEWABLE RESOURCES**

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Applicable to electric service under all Company's Retail Rate Schedules except Competitive Rate Schedules – Rate Codes 73 and 79. In addition, this Rider is applicable to service under Company's Rider for Large Power Interruptible Service and Rider for Large Power Incremental Production Service.

The following charges are applicable in addition to all charges for service being taken under Company's standard rate schedules:

Large Power Customers	\$4.26 per kW-month for all Billing Demand kW
	and
	0.404¢ per kWh for all kWh
All other applicable Retail Rate Customers	1.172¢ per kWh for all kWh

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**Filing Date**  November 10, 2014  **MPUC Docket No.**  E015/M-14-962   
**Effective Date**  April 1, 2016  **Order Date**  March 9, 2016

**Approved by:**  Marcia A. Podratz   
**Marcia A. Podratz**  
**Director - Rates**

**MINNESOTA POWER  
ELECTRIC RATE BOOK - VOLUME I**

**SECTION**  V  **PAGE NO.**  86   
**REVISION**  4

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**RIDER FOR TRANSMISSION COST RECOVERY**

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Applicable to electric service under all Company's Retail Rate Schedules except Competitive Rate Schedules 73 and 79. In addition, this Rider is applicable to service under Company's Rider for Large Power Interruptible Service and Rider for Large Power Incremental Production Service.

The following charges are applicable in addition to all charges for service being taken under Company's standard rate schedules:

Large Power Customers	\$1.23 per kW-month for all Billing Demand kW
	and
	0.117¢ per kWh for all kWh
All other applicable Retail Rate Customers	0.341¢ per kWh for all kWh

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**Filing Date**  May 22, 2015  **MPUC Docket No.**  E015/M-15-472   
**Effective Date**  March 1, 2016  **Order Date**  February 3, 2016

**Approved by:**  Marcia A. Podratz   
**Marcia A. Podratz**  
**Director - Rates**

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**RIDER FOR BOSWELL UNIT 4 EMISSION REDUCTION**

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Applicable to electric service under all Company's Retail Rate Schedules except Competitive Rate Schedules - Rate Codes 73 and 79. In addition, this Rider is applicable to service under Company's Rider for Large Power Interruptible Service and Rider for Large Power Incremental Production Service.

The following charges are applicable in addition to all charges for service being taken under Company's standard rate schedules:

<b>Rate Class</b>	<b>Boswell 4 Plan Adjustment</b>
Large Power	\$1.00 per kW-month of Billing Demand  and  0.095¢/kWh
All other applicable Retail Rate Customers	0.265¢/kWh

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**Filing Date**  November 26, 2014       **MPUC Docket No.**  E015/M-14-990   
**Effective Date**  September 1, 2015       **Order Date**  August 24, 2015

**Approved by:**  Marcia A. Podratz   
**Marcia A. Podratz**  
**Director - Rates**

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

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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SUSAN ROMANS of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **10<sup>th</sup> day of October, 2016**, she served Minnesota Power’s Petition for Approval of Electric Service Agreement Between Minnesota Power and United States Steel Corporation on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. Minnesota Power's Large Power and General Service was served and parties requesting paper copies were sent the *PUBLIC* Petition via U.S. Mail.

  
\_\_\_\_\_  
Susan Romans

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
William	Bond	william.bond@arcelormittal.com	ArcelorMittal USA - Minorca Mine Inc.	PO Box 1 5950 Old Highway 53 Virginia, MN 55792	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
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