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TRADE SECRET DATA EXCISED

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February 15, 2016

VIA ELECTRONIC FILING

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

RE: Minnesota Power's Petition for Approval of Credit to Customers
Docket No: E015/M-15-875

Dear Mr. Wolf:

Minnesota Power and the Department of Commerce have agreed to the following methodology for allocation and distribution of the credit refund in Docket 15-875:

(1) Minnesota Power will perform the refund using actual kWh sales during the affected period to allocate the Credit Amount of [TRADE SECRET DATA EXCISED] across customer classes. The corresponding Credit Amount for each class (class targeted refund amount) is provided in the Department's December 14, 2015 reply comments at 5 (Revised DOC credit amounts).

(2) Minnesota Power will provide a one-time bill credit and ensure the best matching of the refund to each customer within a class based on the class Credit Amount calculated above and on each individual customer's contribution to the actual class kWh sales during the affected time period, consistent with the Commission's interim rate refund methodology for the individual customers' refund. More specifically stated, allocation between Wholesale, Large Power, and the remaining customer classes will be based on the usage by each class as reported in the 13-14 and 14-15 AAA filings (Dockets 14-579 and 15-611 respectively).

The allocation of the refund amount for the Wholesale and Large Power classes will be targeted by customer based on their usage at the time the service issues occurred.

The billing factor for each of the remaining customer classes will be calculated using their projected usage during the month the refund is expected to occur. The credit will appear on the customer bill as part of the Resource Adjustment. Once the refund occurs, Minnesota Power will review the amount refunded by customer class to determine if there was an over or under refund for each class. If a class actual refunded amount is less than to the class targeted refund amount, the corresponding

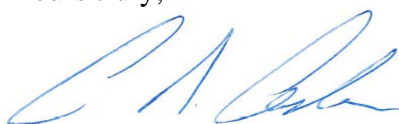
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excess will be donated to HeatShare. If a class actual refunded amount is greater than the class targeted refund amount, no action will be taken by Minnesota Power.

Further, the refund will occur as soon as possible in a single month as allowed by Minnesota Power's billing schedule. The month of the refund will be the month following receipt of an order by the Commission.

The Department of Commerce has reviewed this letter and authorized Minnesota Power to file it on their behalf.

Yours truly,



Christopher D. Anderson

CDA:sr
Attach.

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Susan Romans, of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 15th day of February, 2016, she served Minnesota Power's Reply Comments in Docket No. E015/M-15-875 on the Minnesota Public Utilities Commission via electronic filing. The remaining parties on the attached service list were served as requested.



Susan Romans

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