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PUBLIC DOCUMENT
TRADE SECRET DATA
HAS BEEN EXCISED

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November 17, 2015

VIA ELECTRONIC FILING

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

Re: In the Matter of a Petition to Ensure Competitive Electric Rates for
Energy-Intensive Trade-Exposed Customers
Docket No. E015/M-15-984

Dear Mr. Wolf:

Enclosed please find the Minnesota Power's *Corrected Pagination* Petition in the above-referenced Docket. The pagination in the Petition itself was mis-numbered starting at page 13, and has now been corrected.

Please contact me at 218-355-3919 with any questions related to this matter.

Yours truly,

A handwritten signature in black ink, appearing to read 'Herbert G. Minke, III'.

Herbert Minke
Director, Energy Policy and Regulatory Affairs

HGM:
Attach.
c: Service List



PUBLIC DOCUMENT
TRADE SECRET DATA
HAS BEEN EXCISED

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Director, Regulatory Affairs
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November 13, 2015

VIA ELECTRONIC FILING

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

Re: In the Matter of a Petition to Ensure Competitive Electric Rates for
Energy-Intensive Trade-Exposed Customers
Docket No. E015/M-15-_____

Dear Mr. Wolf:

Enclosed please find Minnesota Power's Petition to Ensure Competitive Electric Rates for Energy-Intensive Trade-Exposed ("EITE") Customers, which includes a Rider for EITE Customers and a Rider for EITE Current Cost Recovery. Pursuant to Minn. Stat. § 216B.1696, Minnesota Power files this Petition, which is intended to implement "the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers."

Minnesota Power has included a Summary with this filing. As reflected in the Affidavit of Service, the Summary has been filed on the general service list utilized by Minnesota Power.

Please contact me at 218-355-3919 with any questions related to this matter.

Yours truly,

Herbert Minke
Director, Energy Policy and Regulatory Affairs

HGM:
Attach.
c: Service List

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 as Trade Secret.

The Petition proposes to implement to Minn. Stat. § 216B.1696 and is intended to ensure competitive rates for Energy-Intensive Trade-Exposed customers ("EITE Customers") as defined under Minnesota law. The Petition contains EITE Customers' load and usage information that is materially sensitive to Minnesota Power and EITE Customers and contains Minnesota Power's unique methods, techniques and process for providing rate adjustments to EITE Customers. 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 EITE Customers, and because of the intensely competitive marketplace EITE Customers operates in, this information is also confidential and Trade Secret to EITE Customers. Minnesota Power and EITE Customers follow strict internal procedures to maintain the secrecy of this information in order to capitalize on the economic value of the information. Potential competitors 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 filing 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

Docket No. E015/M-15-_____

In the Matter of a Petition to Ensure
Competitive Electric Rates for Energy-
Intensive Trade-Exposed Customers

**PETITION OF
MINNESOTA POWER**

SUMMARY

Pursuant to Minn. Stat. § 216B.1696, Minnesota Power hereby petitions the Minnesota Public Utilities Commission for approval of a Petition for a Rider for Energy-Intensive, Trade-Exposed Customers and a Rider for Energy-Intensive, Trade Exposed Current Cost Recovery. This Petition is intended to implement “the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers.” Minn. Stat. § 216B.1696, subd. 2(a). The Legislature provided that Minnesota Power “shall have the ability to propose various EITE rate options within [its] service territory under an EITE rate schedule that include, but are not limited to, fixed-rates, market-based rates, and rates to encourage utilization of new clean energy technology.” Minn. Stat. § 216B.1696, subd. 2(a).

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

Docket No. E015/M-15-_____

In the Matter of a Petition to Ensure
Competitive Electric Rates for Energy-
Intensive Trade-Exposed Customers

**PETITION OF
MINNESOTA POWER**

I. INTRODUCTION

Minnesota Power (or “Company”) hereby petitions the Minnesota Public Utilities Commission (“Commission”) pursuant to Minn. Stat. § 216B.1696 (“EITE Statute”), for approval of a Rider for Energy-Intensive, Trade-Exposed Customers (“EITE Customers Rider”) and Rider for Energy-Intensive, Trade-Exposed Current Cost Recovery (“EITE Current Cost Recovery Rider”). This Petition is intended to implement “the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers.” Minn. Stat. § 216B.1696, subd. 2(a) and enacted through First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26.¹ The Legislature provided that Minnesota Power “shall have the ability to propose various EITE rate options within [its] service territory under an EITE rate schedule that include, but are not limited to, fixed-rates, market-based rates, and rates to encourage utilization of new clean energy technology.” Minn. Stat. § 216B.1696, subd. 2(a).

In this Petition, Minnesota Power is seeking two separate but related requests under the EITE Statute. First, Minnesota Power is seeking approval of an EITE Customers Rider that will provide certain customers, eligible under the EITE Statute, an energy charge credit based upon their site peak electric usage and total energy consumption. Second, Minnesota Power is seeking approval of an EITE Current Cost Recovery Rider that will “allow the utility to recover any costs...associated with providing service to a customer under an EITE rate schedule.” Minn. Stat. §

¹ The final version of the legislation was authored by Representative Garofalo and Senator Tomassoni in H.F. No. 3 (1st Spec. Sess.) during the 2015 First Special Session and passed by the House and Senate on June 12, 2015, signed into law on June 13. Earlier versions of similar legislation were introduced as part of the 2015 legislative session by Senator Tomassoni in S.F. No. 1312 and Representative Anzels in H.F. No. 1782, coauthors included Senators Bakk, Saxhaug, Hoffman, and Rosen and Representatives Dill and Baker, respectively. Senator Marty also introduced similar legislation in S.F. 1735 with coauthors Dibble, Benson, Hoffman, and Weber.

216B.1696, subd. 2(d). Both requests and associated riders are explained in more detail below.

In the future, Minnesota Power may request additional rate options or mechanisms under the EITE Statute to further address the need for competitive electric rates for EITE customers.

II. PROCEDURAL MATTERS

Pursuant to Minn. Rule 7829.1300, Minnesota Power provides the following required general filing information.

A. Summary of Filing (Minn. Rule 7829.1300, subp. 1)

A one-paragraph summary accompanies this Petition.

B. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)

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 (“the Department”) and the Office of 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 Minnesota Power’s general service list.

C. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))

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

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

David R. Moeller
Senior Attorney
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E. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))

This Petition is being filed on November 13, 2015. Minnesota Power proposes that the EITE Customers Rider and the EITE Current Cost Recovery Rider take effect upon the effective date in the Commission’s written order.

F. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp. 4(D))

This petition is made pursuant to Minn. Stat. § 216B.1696. Under Minn. Stat. § 216B.1696, subd. 2(c), the Commission “shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.” Minnesota Power interprets this provision to mean that the Commission’s final determination shall be effective within 90 days of the filing, recognizing that additional time for Commission review and issuance of a written order may be necessary.

In addition, under Minn. Stat. § 216B.1696, subd. 3, “upon the filing of a utility for approval of an EITE rate schedule under this section, the filing utility must deposit \$10,000 into an account devoted to funding a program approved by the commission under Minnesota Statutes, section 216B.16, subdivision 15. The funds shall be used to expand the outreach of the Commission-approved affordability program.” In compliance with this filing requirement, Minnesota Power will be depositing \$10,000 into the account of the Arrowhead Economic Opportunity Agency, Inc. (“AEOA”). AEOA administers Minnesota Power’s Commission-approved Customer Affordability of Residential Electricity (“CARE”) Program and Minnesota Power shall designate that the funds be used to “expand the outreach” of CARE. See <http://www.aeo.org/housing/energy-assistance> for further information about AEOA.

G. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))

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H. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 4(F))

The EITE Customers Rider and EITE Current Cost Recovery Rider will have no effect on Minnesota Power’s base rates. The additional information required under Minn. Rule 7829.1300, subp. 4(F) is included throughout this Petition.

I. Service List (Minn. Rule 7829.0700)

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III. EITE CUSTOMERS RIDER

A. EITE Customers Rider Eligibility and Authorization

The EITE Statute includes a definition of which Minnesota Power retail customers are potentially eligible for an EITE rate schedule. Under Minn. Stat. § 216B.1696, subd. 1(c) an energy-intensive trade-exposed customer (“EITE Customer”) is defined to include one or more of the following:

- (1) An iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16;
- (2) A paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;
- (3) A steel mill and related facilities; and
- (4) A retail customer of an investor-owned electric utility that has facilities under a single electric service agreement that:
 - (i) Collectively imposes a peak electrical demand of at least 10,000 kilowatts on the electric utility's system,
 - (ii) Has a combined annual average load factor in excess of 80 percent, and
 - (iii) Is subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production.

Minnesota Power interprets this to mean that for a retail customer to be eligible for the EITE Customers Rider, it must meet the conditions listed in at least one of the four categories as set forth in the definition. For example, a customer must operate a steel mill and related facilities or a paper mill, but does not need to operate both. In addition, Minnesota Power interprets the fourth category to pertain to any retail customer that does not satisfy one of the other three categories, i.e., is not an iron mining facility, a paper mill, or a steel mill. In order to be an EITE Customer under this fourth category a retail customer must have facilities under a single electric service agreement (which must be approved by the Commission under Minn. Stat. § 216B.05, subd. 2a) and meet the three sub-categories related to peak electric demand, average annual load factor and subject to globally competitive pressure with electric energy costs at least ten percent of the customer’s overall cost of

production. Certain retail customers may meet one of the first three categories as well as the fourth category, but Minnesota Power asserts that to require customers meet all four categories does not make sense and would defeat the legislative intent. See Minn. Stat. §§ 645.08 and 645.16.

Minn. Stat. § 216B.1696, subd. 1(d) defines an EITE rate schedule as “a rate schedule under which an investor-owned electric utility may set terms of service to an individual or group of energy-intensive trade-exposed customers.” Minn. Stat. § 216B.1696, subd. 1(e) defines an EITE rate as “the rate or rates offered by the investor-owned electric utility under an EITE rate schedule.” Minn. Stat. § 216B.1696, subd. 2(a) provides Minnesota Power the authority to propose an EITE rate schedule. The EITE Statute further allows Minnesota Power to set “terms of service to an individual or group of energy-intensive trade-exposed customers.” Minnesota Power interprets this phrase to mean that not all customers that meet one of the four categories under the EITE Customer definition as described above necessarily meet terms of service as proposed by Minnesota Power in this filing, while recognizing that Minnesota Power has the option, in its sole determination under the EITE Statute, to make future rate offerings, with different or similar terms of service, that may affect or impact EITE-eligible customers differently than the EITE Customers Rider in this Docket.

Under Minn. Stat. § 216B.1696, subd. 2(b): “Notwithstanding Minnesota Statutes, section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the Commission shall, upon a finding of net benefit to the utility or the state, approve an EITE rate schedule and any corresponding EITE rate.” Minnesota Power’s proposed EITE rate schedule is its EITE Customers Rider and corresponding EITE rate as described below. The EITE Statute specifies the scope of the Commission’s review by excluding from its general regulatory review the following Minnesota Statutes: Minn. Stat. §§ 216B.03 (reasonable rate), 216B.05 (filing schedules, rules and service agreements), 216B.06 (receiving different compensation), 216B.07 (rate preference prohibited); and 216B.16 (rate change, procedure, hearing). The EITE Statute directs the Commission to approve an EITE rate schedule and any corresponding EITE rate “upon a finding of net benefit to the utility or the state”. In Section V below, the Company provides justification for why the EITE Customers Rider meets this standard.

B. Description of the EITE Customers Rider

The proposed EITE Customers Rider is attached as Exhibit A-1 to this Petition. The terms and service conditions in the EITE Customers Rider, when taken collectively, are intended to sustain through a written commitment the burden of proof that the EITE rates provide a “net benefit

to the utility or the state” per the intent of the EITE Statute. The proposed EITE Customers Rider is applicable to Large Power (“LP”) and Large Light and Power (“LLP”) customers who meet the terms and service conditions specified in the Rider.

The terms and service conditions include that a customer must have a Commission-approved electric service agreement (“ESA”) with at least two years remaining on the term. Most customers eligible for the EITE Customers Rider have at least four (4) years remaining on a Commission-approved ESA, and no changes to ESA terms are contemplated under the EITE Customers Rider. It is deemed necessary for the determination of the “net benefit to the utility or the state” for the customer to have a solid, long-term commitment to the region and to Minnesota Power as the serving utility as demonstrated through the willingness to enter, or to have entered, into a long-term electric service agreement with Minnesota Power. Other ratepayers should not have to support the competitiveness of customers in the region who do not make a commitment to remain in the region, and Minnesota Power believes the connection between customer and commitment to the region to be a crucial ingredient in the determination of the “net benefit to the utility or the state.”

In addition, customers taking service under the EITE Customers Rider shall have total power requirements of at least 2,000 kW as set forth in the customer’s ESA, as Minnesota Power interprets the intent of the EITE Statute to be the establishment and creation of competitive rates for the large, energy-intensive customers in the qualifying utilities’ service areas in Minnesota. EITE Customers in Minnesota Power’s service territory who have total power requirements of at least 2,000 kW would most likely already have long-term electric service agreements with Minnesota Power to take service under the LP or LLP Service Schedule. Finally, in order to bring the new EITE customer benefits to the customer as soon as possible, Minnesota Power proposes that the customer shall begin to receive EITE Customers Rider benefits on the first of the month following Commission approval of this Rider.

As a corollary premise related to customer commitment, if an EITE Customer has less than two years remaining on its ESA, the net benefit to the utility or the state becomes difficult to quantify at a minimum and is nonexistent as a maximum. As such, Minnesota Power proposes that an EITE Customer that issues a cancellation notice related to the term of the ESA would forfeit any benefits or rate credits under the EITE Customers Rider in the final two years of the term of its ESA if the EITE Customer and Minnesota Power do not execute a new ESA prior to the expiration of the ESA’s term and that new ESA is ultimately approved by the Commission. Within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider would be placed

into a tracker and the EITE Customer would receive those benefits or rate credits only if a new ESA is executed and approved by the Commission. If the customer and Minnesota Power do not execute a new ESA prior to the expiration of the existing ESA's term, the customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited toward the EITE Current Cost Recovery Rider. Regardless of whether a new ESA is executed, during the remaining term of the ESA the customer shall continue to take service from Company under its Commission-approved ESA and applicable service schedules and shall be exempt from the EITE Current Cost Recovery Rider.

Finally, Minnesota Power is requiring that EITE eligible customers execute an EITE Customer Commitment Letter Agreement ("Letter Agreement") after a determination of meeting the eligibility requirements as set forth under the EITE Statute and the EITE Customers Rider. A model Letter Agreement is included as Exhibit E-1. The Letter Agreement serves the dual purpose of having the customers self-acknowledge that they are EITE Customers per the EITE Statute, as well as memorializing their understanding to and their agreement with the terms and service conditions present in the EITE Customers Rider. The EITE Customer Commitment Letter Agreement shall include the customer's anticipated site peak electric usage and other necessary information to calculate the energy charge credit or other components of the EITE Customers Rider. The Letter Agreement provides that the expected site peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load.

Executed copies of the Letter Agreements are included at Exhibit E-2. As of this Petition filing date, Minnesota Power has received executed Letter Agreements from Verso Paper in Duluth; Sappi Mill in Cloquet; Boise Paper in International Falls; Blandin Paper in Grand Rapids; Mesabi Nugget in Hoyt Lakes; United States Steel, which operates Minntac Mine in Mountain Iron and Keetac in the city of Keewatin; United Taconite in Forbes and Hibbing Taconite, located in Hibbing, both of which are managed by Cliffs Natural Resources; Mining Resources near Chisholm; and ArcelorMittal which operates the Minorca Mine near the city of Virginia. This represents the vast majority of the customers that meet the proposed service conditions for the EITE Customers Rider.

Minnesota Power plans to file additional initial EITE Letter Agreements, upon execution, in a Supplemental Filing to this Docket. Customers who meet the eligibility requirements in the future shall have the opportunity to execute an EITE Customer Commitment Letter Agreement subject to

the terms and conditions in the EITE Customers Rider. Minnesota Power will file all subsequent future Letter Agreements in proposed periodic compliance filings for the EITE Cost Recovery Rider.

C. Description of the EITE Customers Rider Product Offering

For the initial EITE Customers Rider there is a single product offering – an Energy Charge Credit (“ECC”). Minnesota Power selected the ECC as the most appropriate approach for an initial EITE rate offering due to the determination that operating at high utilization rates for these energy intensive customers translates in most cases to using high levels of energy consistently in most hours of the month. When the EITE customers do this, they provide a net benefit to the utility and the state through their employment levels, through related spin-off jobs and employment, through the utilization of regional infrastructure (such as the Port of Duluth and rail systems), use of local supplier products and services, and the development of the region’s rich natural resource base. The ECC will provide EITE customers a discount of \$11.50 per MWh (1.15¢ per kWh) for monthly energy usage in excess of 450 hours multiplied by the customer’s anticipated site peak electric usage, or approximately a 62 percent load factor. For LP customers the anticipated site peak electric usage will be based on historic full-production firm demand nominations and Incremental Production Service (“IPS”) energy usage that is allowed up to 10 percent above the demand nomination or IPS Threshold. LLP customers do not have demand nominations in their electric service agreements so for these customers the anticipated site peak electric usage will be based on the historic peak usage. The site peak electric usage threshold will be set in the individual customer’s Letter Agreement, which Minnesota Power will periodically update if operations or ESA parameters change due to conditions, such as, changes in operation or generating profiles or establishment of new load. For customers with their own generation, the ECC will not apply to their customer-owned generation usage and the energy products that these customers purchase from Minnesota Power that reference that generation. Specifically, Non-Firm Energy (defined in electric service agreements as Economy Energy) and Replacement Firm Energy are excluded from the peak electric usage amount and ECC calculations.

Below are two examples of how the EITE Customer Energy Charge Credit would be applied to generic LP and LLP customers under full and partial production scenarios. The benefit for LLP customers associated with the ECC will be smaller due to these customers’ typically lower load factors. Also, under partial production, EITE Customers will receive substantially less benefits than

if they are operating at anticipated full production levels. The ECC calculation compares the expected site peak energy usage, which is used to calculate the ECC threshold, with the customer's actual energy usage within the month as shown below.

Table 1: Large Power Example

Example 1: Full Production			
Expected Peak Energy Usage	Total Energy	Energy Charge Credit Threshold	Energy Charge Credit
100 MW	62,220 MWh	45,000 MWh <small>(100 MW * 450 hours)</small>	\$198,030 <small>(62,220 MWh – 45,000 MWh)*\$11.50</small>
Example 2: Partial Production			
Expected Peak Energy Usage	Total Energy	Energy Charge Credit Threshold	Energy Charge Credit
100 MW	51,240 MWh	45,000 MWh <small>(100 MW * 450 hours)</small>	\$71,760 <small>(51,240 MWh – 45,000 MWh)*\$11.50</small>

Table 2: Large Light and Power Example

Example 1: Full Production			
Expected Peak Energy Usage	Total Energy	Energy Charge Credit Threshold	Energy Charge Credit
10 MW	4,758 MWh	4,500 MWh <small>(10 MW * 450 hours)</small>	\$2,967 <small>(4,758 MWh – 4,500 MWh)*\$11.50</small>
Example 2: Partial Production			
Expected Peak Energy Usage	Total Energy	Energy Charge Credit Threshold	Energy Charge Credit
10 MW	4,026 MWh	4,500 MWh <small>(10 MW * 450 hours)</small>	\$0 <small>(4,026 MWh – 4,500 MWh)*\$11.50</small>

D. Projected Bill Impacts versus Current ESA Rates

Trade Secret Table 3 below summarizes the estimated bill impact resulting from the ECC for EITE Customers, assuming the proposed EITE Customers Rider applies to calendar year 2016, to reflect an annual amount and that all customers listed in the table execute Letter Agreements and are operating. As of the date of this filing, all customers listed in Table 3, with the exception of Magnetation, have executed Letter Agreements with Minnesota Power (see Exhibit E-2). Minnesota Power expects to execute a Letter Agreement with Magnetation and as stated on page 11, will file all subsequent future Letter Agreements in proposed periodic compliance filings for the EITE Cost Recovery Rider. The actual effective date will be subject to the Commission’s final written order and subsequent compliance filings.

Table 3: EITE Rate Impact Table

EITE Rate Impact Table				
<u>Customer</u>	<u>2016 Estimated KWh</u> (Firm and Incremental Production Service)	<u>2016 Expected Billed Amount</u>	<u>2016 Expected Discount</u>	<u>% Decrease</u>
	[TRADE SECRET DATA EXCISED]			
United States Steel				
Hibbing Taconite				
United Taconite				
ArcelorMittal (Minorca)				
Magnetation (1)				
Verso				
Blandin				
Boise				
Sappi				
Total	5,709,638	\$ 376,177,094	\$ 17,753,040	4.7%

1) Based on contract submitted to MPUC

IV. EITE CURRENT COST RECOVERY RIDER

A. EITE Current Cost Recovery Rider Authorization

Minn. Stat. § 216B.1696, subd. 2(d) provides that upon Commission approval of an EITE rate schedule, which Minnesota Power has designated the EITE Customers Rider, the Company “shall create a separate account to track the difference in revenue between what would have been collected under the electric utility’s applicable standard tariff and the EITE rate schedule.”

Minn. Stat. § 216B.1696, subd. 2(d) authorizes cost recovery of any costs in this tracker account. The EITE Statute states: “In its next general rate case or through an EITE cost recovery rate rider between general rate cases, the commission shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule.” By filing this Petition, Minnesota Power’s preference for current cost recovery is specified as “an EITE cost recovery rate rider between general rate cases” through its EITE Current Cost Recovery Rider.

B. Description of the EITE Current Cost Recovery Rider

The proposed EITE Current Cost Recovery Rider is attached as Exhibit A-2 to this Petition. This Rider applies to all retail customers that are not exempt under the EITE Statute. Minnesota Power is proposing that the costs be allocated to rate classes based on the number of customer service agreements and then recovered on a per-kWh basis for residential customers and on a monthly charge per service agreement for all other customers. This hybrid method is intended to reduce the rate impact for low usage residential customers.

Minnesota Power proposes that the costs be allocated to customer classes on a per service agreement basis. The Company’s recognizes that its proposal for cost allocation results in a relatively greater impact on residential and small commercial customers. However, the Company believes this approach is appropriate because these customer classes had much lower rate increases than large industrial customers in the Company’s 2009 rate case.² Minnesota Power’s proposed approach also avoids further exacerbating the cross-subsidy that other customer classes have been paying on behalf of the residential class for many years. The Company believes this approach to cost allocation reflects the underlying spirit and intent of the EITE Statute. Please refer to Section E

² MPUC Docket No. E-015/GR-09-1151.

below for further details on the cost allocation, rate design and the calculation of the EITE Current Cost Recovery Adjustment.

Additionally, Minnesota Power will cap the monthly charge per service agreement at 150 service agreements. Customers may apply for an annual refund on charges paid on service agreements above the 150 cap. Please refer to Section C on page 18 for additional information and see Exhibit F-1 for the Application for EITE Cost Recovery Rider Related Refunds.

The current cost recovery adjustment would be reflected as a separate line item on a customer's bill. See Exhibit C-1 for a sample residential bill and a sample general service bill with the proposed separate line item. In order to provide customers with information regarding the proposed adjustment, an explanation of the charge will be included as a message on customer bills upon Commission approval of the EITE Current Cost Recovery Rider. The bill messages are proposed to read as follows for residential and all other retail customers, respectively:

Effective _____, the EITE Cost Recovery Adjustment line on your bill has been added at a rate of 1.52 cents per kWh. This line is intended to support competitive electric rates for energy-intensive trade-exposed customers.

Effective _____, the EITE Cost Recovery Adjustment line on your bill has been added at a rate of \$11.45 per Service Agreement per month. This line is intended to support competitive electric rates for energy-intensive trade-exposed customers.

Following approval of the EITE Customers Rider and the EITE Current Cost Recovery Rider, Minnesota Power proposes to include the language referencing the EITE Cost Recovery Adjustment in the "ADJUSTMENTS" section of each applicable service schedule. The proposed language is:

There shall be added to the monthly bill as computed above, an EITE Cost Recovery Adjustment determined in accordance with the Rider for Energy-Intensive Trade-Exposed Current Cost Recovery.

This language will be added to the following tariff sheets in Minnesota Power's Electric Rate Book:

Residential Service – Section V, Page 1

Residential Dual Fuel Interruptible– Section V, Page 5

Residential Controlled Access – Section V, Page 7

Residential Off-Peak Electric Vehicle – Section V, Page 8

General Service – Section V, Page 10

Commercial/Industrial Dual Fuel Interruptible – Section V, Page 16

Commercial Industrial Controlled Access – Section V, Page 17

Large Light and Power Service – Section V, Page 22

Large Power Service – Section V, Page 24

Non-Contract Large Power Service – Section V, Page 25

Erie Mine Site Service – Section V, Page 38

Municipal Pumping – Section V, Page 40

Minnesota Power is requesting a variance from Minn. Rule 7825.3600 because the EITE Current Cost Recovery Rider includes the same change to all of the service schedules listed above. Minn. Rules 7825.3600 states:

All proposed changes in rates shall be shown by filing revised or new pages to the rate book previously filed with the commission and by identifying those pages which were not changed. Each revised or new page of the rate book shall contain the information required for each page of the rate book and shall be in a format consistent with the currently filed rate book. In addition, each revised page shall contain the revision number and page number of the revised page.

Based on this Rule, Minnesota Power concludes that a variance is necessary to allow the Company to provide the revised rate book pages in a subsequent compliance filing. Thus, the Company seeks a variance permitting revisions to the Affected Service Schedules (“Schedules”) as listed above with the proposed language in a subsequent compliance filing. Consistent with past practice,³ Minnesota Power requests that it not be required to file at this time the revised tariff pages reflecting the proposed references nor to identify those pages which were not changed. The revised tariff pages can be provided during compliance filings. The Commission Rules provide a three-part test for variances under Minn. Rules 7829.3200. Minnesota Power asserts that this test provides and is satisfied as follows:

1. Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule.

³ See Docket Nos. E015/M-07-216 and E015/M-12-920.

As discussed above, this request involves updating of the listed Schedules in a subsequent compliance filing. Due to the significant number of Schedules, Minnesota Power believes that providing the proposed language and the Schedules and Rate Codes to be impacted allows for adequate Commission review, while identifying the proposed changes in rates and the associated rate book impacts. Updating of the impacted Schedules in a compliance filing will allow for Commission approval of proposed rates in this instant Docket.

2. Granting the variance would not adversely affect the public interest.

The proposed changes in rates will not take effect until after the Commission's review of the Petition in this Docket. The Commission retains oversight of the proposed rates, as well as the impacts to the rate book, affected Schedules and Rate Codes. This oversight assures that the Company will continue to have rates that are in the public interest as determined by the EITE Statute. Additionally, granting of a variance would not harm ratepayers because they, as well as the Commission, will have notice of the affected rates due to filing of the revised rate book pages in subsequent compliance filings and customer notices.

3. Granting the variance would not conflict with standards imposed by law.

This variance would not conflict with law. The Company believes granting of the variance is appropriate. Because the subsequent compliance filing will reflect the outcome of the Commission's review of the proposed language and rate book updates, the granting of this variance offers the most direct and consistent way of addressing this issue, by providing adequate notice of the proposed change now, but updating the revised tariff sheets later in compliance with the Commission's order.

Upon Commission approval, all of the revised rate book pages will be provided in a compliance filing. Minnesota Power proposes to update the EITE Current Cost Recovery Rider periodically through rate adjustment compliance filings.

C. EITE Customers Rider Rate Eligibility and Current Cost Recovery Rider Exemptions

Regardless of the mechanism for cost recovery, the EITE Statute disallows cost recovery or any savings funds "from any energy-intensive trade-exposed customer or any low-income residential ratepayers as defined in Minnesota Statutes, section 216B.16, subdivision 15." Minnesota Power interprets the first category to mean any retail customer that meets the definition under Minn. Stat. § 216B.1696, subd. 1(c). The process for determining these exempt customers is set forth in this section. The second category includes any low-income residential ratepayers, which

under the applicable definition means any residential customers “who receive energy assistance from the Low-Income Home Energy Assistance Program (“LIHEAP”).” Minn. Stat. § 216B.16, subd. 15(a). Minnesota Power estimates this number to be approximately 11,000 residential customers as currently identified in the Company’s Customer Information System (“CIS”). Minnesota Power’s CARE customers are a subset of the LIHEAP customers.

In order to meet the EITE Statute cost recovery limitation requirements, Minnesota Power has developed a customer communication and exemption process plan as set forth below.

Communication Plan

Minnesota Power will notify customers of potential eligibility for the EITE Customers Rider and exemption from the EITE Current Cost Recovery Rider by taking the following steps:

1. A targeted, direct mailing will be sent specifically to customers registered in Minnesota Power’s CIS who have North American Industry Classification System (“NAICS”) codes approved for exemption and/or qualifying energy usage per Minn. Stat. § 216B.1696, subd. 1(c). A draft of the proposed text for this insert is listed below and would explain the EITE Customers Rider, EITE Current Cost Recovery Rider, exemptions, refund eligibility and procedures. This language will be consistent with references posted on the Company’s website.

2. The application for the EITE Current Cost Recovery Rider exemption will be posted on the Company’s website. The proposed text for the website is the same as the text for written materials, outlined below. Customers coded as LIHEAP qualified in the Company’s CIS or that are on the EITE Customers Rider will be automatically exempt from the EITE Current Cost Recovery Rider and do not need to apply for exemption from the EITE Current Cost Recovery Rider. Other customers will apply for exemption by submitting the application to Minnesota Power.

3. The application for the EITE Current Cost Recovery Rider exemption, as well as the application for EITE Cost Recovery Rider related refunds, will be included in all new commercial/industrial customer service agreement paperwork. Please see Exhibit D-1 for the application requesting exemption from the EITE Current Cost Recovery Rider.

Proposed Text of Written Materials

The proposed text to be included in written materials and on Minnesota Power’s website is as follows:

In 2015, the Minnesota State Legislature passed a new competitive rate for Energy-Intensive Trade-Exposed (“EITE”) customers. Minnesota Statutes Section 216B.1696 (“EITE Statute”). Minnesota Power has proposed an EITE Customers Rider that is designed to ensure competitive electric rates for energy-intensive trade-exposed customers like iron mining, paper mill or steel mill businesses.

Some customer facilities may be eligible for the new EITE Customers Rider. Costs incurred by Minnesota Power to provide the EITE Customers Rider that will be recovered under Minnesota Power’s EITE Current Cost Recovery Rider, which will be excluded from the rates of both EITE and low income customers.

Eligibility for the EITE Customers Rider includes four categories of customer facilities. The first includes any customer facility whose primary business purpose is iron mining extraction and processing, to include a scam mining facility. The second category includes any customer facility whose primary business purpose is a paper mill, wood products manufacturer, sawmill or oriented strand board manufacturer. The third category includes any customer facility whose primary business purpose is a steel mill and related facility. The fourth category includes large power users that have facilities under a single electric service agreement that collectively impose a peak electric demand of at least 10,000 kilowatts, have a combined annual average load factor in excess of 80 percent, are subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer’s overall cost of production. Finally, customers eligible for the EITE Customers Rider must also have a minimum demand of 2,000 kW and have at least two years remaining on their electric service agreement with Minnesota Power.

Additionally, all qualified low income customers⁴ and customers that meet the definition under the EITE Statute are exempt from the costs associated with the EITE Current Cost Recovery Rider. Minnesota Power also caps EITE Cost Recovery Rider charges for customers with more than 150 service agreements. If you believe you meet the requirements listed above and would like to apply for the EITE Customers Rider, EITE Current Cost Recovery Rider exemption, or an EITE Cost Recovery Rider related refund, please follow the steps below:

1. Access our applications for the EITE Customers Rider, EITE Current Cost Recovery Rider exemption and EITE Cost Recovery Rider related refund at our website: <http://www.mnpower.com/EITE>

and

⁴ For information on qualifying income requirements, please view the Arrowhead Economic Opportunity Agency (“AEOA”) requirements listed on Minnesota Power’s webpage: <http://www.mnpower.com/customerservice/careprogram>

2. Return a completed application to the address on the form, or email the application to CISADMIN@allete.com

For questions or to request a paper application, you may contact the Minnesota Power Call Center at 1-800-228-4966.

Description of Internal Procedures for Processing EITE Customer Exemptions

Internal procedures for processing customer exemption requests can be divided into three categories: processing applications for exemption from existing customers; new account procedures; and cost allocation, tracking and verification. Minnesota Power proposes that the timing for implementation of said procedures and related communications occur within 90 days of Commission approval of this Petition and related riders.

Processing Existing Customer Applications

Existing customers will be made aware of the possibility for participating in a new EITE Customers Rider or for exemption from the EITE Current Cost Recovery Rider through the communication plan outlined, above. The application form, listed in Exhibit D-1, will be posted on the Minnesota Power webpage. To apply for either the EITE Customers Rider or for exemption on the required form, the customer will be able to either mail or email the form to Minnesota Power. After preliminary screening where Minnesota Power employees will verify the customer information with what is recorded in the Company's CIS and process the application, if the applicant meets the conditions required to qualify for the EITE Customers Rider, the application will be routed to the Company's Marketing Department who will prepare the Letter Agreement for execution.

The Commission established the list of acceptable North American Industry Classification System ("NAICS") codes for customers statutorily exempt from the Solar Energy Standard ("SES") in its November 19, 2014 Order in Docket No. E-999/CI-13-542. Customers who are exempt from the SES are the same as two of the categories of customers eligible for and exempt from the costs of the EITE rate schedule, as outlined in Minn. Stat. § 216B.1696, subd. 1(c)(1) and 1(c)(2): iron mining extraction and processing facilities, paper mills, wood products manufacturers, sawmills and strand board manufacturers. Minnesota Power proposes using the previously approved NAICS codes for identifying potential EITE exclusions.

For the third category of EITE Customers, as outlined in Minn. Stat. § 216B.1696, subd. 1(c)(3) (steel mill and related facilities), Minnesota Power proposes the following NAICS codes to identify those customers:

1. 332111 – Iron Mining and Steel Forging
2. 333511 – Industrial Mold Manufacturing
3. 423510 – Metal Service Centers and Wholesale

The Company notes that NAICS codes are self-reported by customers and, as stated in the Commission’s November 19, 2014 Order regarding SES exemptions, “the adopted code list may be under inclusive.” The Commission stated that the list of approved NAICS codes is not intended to narrow the application of the statute’s exclusion and some flexibility is appropriate. The Commission stated that “customers eligible for exclusion consistent with the statutory categories may petition their utility to consider NAICS codes not on the list”⁵ Minnesota Power anticipates the same flexibility in NAICS codes that is appropriate for SES exemptions is also appropriate for EITE exemptions.

New Account Procedures

The application for EITE Customers Rider eligibility, EITE Current Cost Recovery Rider exemption and the application for EITE Cost Recovery Rider related refunds will be included in all new commercial and industrial/ customer service agreement paperwork, so when a customer contacts Minnesota Power to establish a new account the customer will be made aware of the rate, exemption and refund, and provided with the application. The customer can then determine if they have a facility that qualifies and submit the application accordingly. As set forth in the EITE Customers Rider, a customer will also need at least two years remaining on a Commission approved ESA and at least 2,000 kW of load in order to meet the service conditions under the EITE Customers Rider.

In addition to the communication plan and inclusion in new service agreement paperwork, Minnesota Power’s customer call center and account managers will also have information on the EITE Customers Rider, potential exemptions and eligible refunds available to answer customer questions. Once a customer’s request for participation in the EITE Customers Rider is processed,

⁵ Docket No. E-999/CI-13-542.

the customer will then be coded in Minnesota Power's CIS for tracking, reporting and cost allocation purposes.

Cost Allocation and Tracking and Verification

Per the EITE Statute, EITE Customers and low-income residential ratepayers are exempt from the Company's costs of complying with the EITE Statute. Low-income residential ratepayers are any residential customers "who receive energy assistance from the low-income home energy assistance program (LIHEAP)." Minn. Stat. § 216B.16, subd. 15(a). These residential ratepayers include not only customers on Minnesota Power's CARE Rider, but also additional customers that have been determined to be eligible to receive LIHEAP energy assistance. Low-income customers receiving LIHEAP will be coded as exempt from EITE current cost recovery in the CIS at the customer account level.

Neither low-income customers nor customers that meet the EITE customer definition will be charged costs associated with the EITE Current Cost Recovery Rider.

Data Privacy

Given the confidential nature of the customer data that will be provided as part of the EITE exemption application process, Minnesota Power recommends that the applications be treated as Trade Secret information. As such, any subsequent reporting involving details regarding these customer applications and/or the calculation of EITE requirements will include Trade Secret designation.

D. Revenue Requirements

Unlike other cost recovery riders, the revenue requirements for the EITE Current Cost Recovery Rider are not based on revenue requirements from capital expenditures and O&M expenses or other eligible costs, but instead set by the EITE Statute. Minn. Stat. § 216B.1696, subd. 2(d) authorizes cost recovery of "the difference in revenue between what would have been collected under the electric utility's applicable standard tariff and the EITE rate schedule." This difference that will be in a tracker account will establish the revenue requirements for the EITE Current Cost Recovery Rider. For customers that receive the benefits of the EITE Customers Rider, the amount in the tracker account is the difference in the revenue that would have been collected under the customer's Commission-approved ESA and the applicable standard tariff or service schedule, and the revenue collected after the EITE Customers Rider Energy Charge Credit and any future

discounts are applied. Refer to Table 3 on page 14 above for the details of the estimated 2016 revenue requirements (equal to the expected EITE Customers Rider ECC discount amount).

E. EITE Cost Recovery Adjustment Calculation

Consistent with the terms in Minnesota Power's other cost recovery riders and the EITE Current Cost Recovery Rider, Minnesota Power has calculated its EITE Cost Recovery Adjustment as shown in Exhibit A-2. Exhibit B-1 shows class cost allocation, rate design and the EITE Cost Recovery Adjustment to recover the 2016 revenue requirements detailed in Table 3 above.

Both customers who receive LIHEAP funding and EITE-qualified customers will be identified and flagged in the Company's CIS. These customers will be exempt from the application of the EITE Current Cost Recovery Rider, similar to the process currently in place for ensuring other statutorily exempt customers do not incur costs for approved programs, like the Conservation Improvement Program, the CARE Affordability Surcharge or the Solar Energy Standard.

As shown in Exhibit B-1, LIHEAP customers and EITE-qualified customers are removed from the appropriate retail classes to estimate the non-exempt EITE paying customers. Minnesota Power proposes to allocate the revenue requirements in proportion to the number of customers (defined as service agreements in the Company's CIS) in each class, excluding the Lighting class. The Lighting class is excluded from cost allocation since customers who take Lighting service generally also take service under other rate classes and thus will pay for EITE on those service agreements. Also, Minnesota Power did not include a jurisdictional allocator because the revenue requirements associated with EITE are entirely within Minnesota Power's retail classes. Once the costs have been allocated to class, the EITE Cost Recovery Adjustment is calculated to recover the annual residential revenue requirements over one year on a per-kWh basis and to recover the other classes' annual revenue requirements over one year as a monthly charge per bill. Minnesota Power proposes to use a per-kWh rate design for residential customers in order to minimize the dollar per month increase for low-usage residential customers.

F. Tracker Mechanism

Minnesota Power will establish the EITE Current Cost Recovery Rider, as provided for in Minn. Stat. § 216B.1696, subd. 2(d), in conformance with other Commission-approved cost

recovery riders and associated trackers. Minnesota Power is also not requesting any carrying charges or other related treatment for this tracker account.

In addition to this required tracker account to establish revenue requirements, Minnesota Power will implement a tracker mechanism to account for the balance of actual revenue requirements and cash collected from customers. The trackers indicate the actual monthly Minnesota Power revenue requirements, actual cash collections, and over/under balances. Over/under balances are determined based upon revenue requirements and actual cash collections over the same periods. The customer charge, revenue requirements, subsequent tracker balances, and billing units for all classes will be updated in Minnesota Power's periodic compliance and rate adjustment filings.

G. Customer Impact

Table 4 on the following page summarizes the estimated total revenue requirements and rate impacts by customer class assuming the proposed EITE Cost Recovery Adjustment is effective February 1, 2016. The proposed EITE Cost Recovery Adjustment is 1.52 cents per kWh for non-exempt residential customers and \$11.45 per month for all other non-exempt customers. For a typical residential customer using 754 kWh per month with a current monthly bill of \$78.81, the EITE Cost Recovery Adjustment would increase the bill by about 14.5 percent. For a typical General Service customer using 2,691 kWh per month with a current monthly bill of \$281.17, the EITE Cost Recovery Adjustment would increase the bill by about 4 percent.

Table 4: Estimated Customer Impact

	<i>2016 Adjustment</i>
Revenue requirements	\$17,753,040
Average Rate Class Impacts 1/	
Residential	
Typical Average Monthly Bill (\$/month)	\$78.81
Increase (cents/kWh)	1.52
Increase (\$/month)	\$11.45
Increase (%)	14.53%
General Service	
Typical Average Monthly Bill (\$/month)	\$281.17
Increase (\$/month)	\$11.45
Increase (%)	4.07%
Large Light & Power	
Typical Average Monthly Bill (\$/month)	\$17,208.31
Increase (\$/month)	\$11.45
Increase (%)	0.07%
Municipal Pumping	
Typical Average Monthly Bill (\$/month)	\$615.78
Increase (\$/month)	\$11.45
Increase (%)	1.86%

Notes:

1/ Typical monthly bill calculated on average 2016 budgeted usage and average current rates from Final General Rates in 2009 Rate Case without riders (E015/GR-09-1151) adjusted to include current rider rates. Current rider rates include the Transmission Cost Recovery Rider rates, the Renewable Resources Rider rates, the BEC4 Environmental Rider rates, the Conservation Program Adjustment rate, and the estimated 2016 Fuel and Purchased Energy Adjustment.

As discussed above, Minnesota Power proposes to use a per kWh rate design for residential customers in order to minimize the dollar per month increase for low usage residential customers. As can be seen in Table 5 on the following page, the proposed rate design would result in a lower dollar per month increase for low usage residential bills compared to a flat \$11.45 charge per month for all residential customers.

Table 5: Residential Bill Impact by Usage Level

Energy Usage Level	kWh/month	Standard bill per month	Bill with EITE	\$/month increase
Low Usage	300	\$32.26	\$36.82	\$4.56
Medium Usage	754	\$79.27	\$90.73	\$11.46
High Usage	1,000	\$106.98	\$122.18	\$15.20

V. PUBLIC INTEREST DETERMINATION UNDER EITE STATUTE

Maintaining the economic viability of Minnesota Power's EITE customers is in the public interest from a utility perspective, for the Iron Range, for the Duluth area, for all of Northeastern Minnesota extending all the way to the Canadian border, and for the State of Minnesota as a whole. The price of energy and its increasing cost are significant to the taconite, paper and foundry customers who comprise the EITE customers targeted by the EITE Customers Rider proposed in this Docket. These industries compete in a worldwide market where they are exposed to significant trade pressures that are directly related to their ability to produce a competitively priced product. The rising cost of electricity, due to increasing regulatory pressures at both a state and federal level, is a key component to the growing production costs of these customers. Energy policy is one of the few tools the state can utilize to directly support competitive industry and the jobs and other economic benefits they produce in Minnesota. The EITE Statute allows the State of Minnesota and the Commission to assist in keeping these customers cost competitive. Keeping these energy intensive customers vital, in a trade exposed world market for their products, is clearly in the public interest to Minnesota Power, Northeastern Minnesota and the State of Minnesota.

Keeping EITE customers viable benefits Minnesota Power and its customers

Having large industrial customers on the Minnesota Power system results in increased reliability and decreased costs to other Minnesota Power customers. EITE Customers are a significant portion of Minnesota Power's revenues from electricity sales. Unlike most utilities in the United States, Minnesota Power is highly dependent on the load and revenues of its industrial customers which include the EITE Customers. Industrial customers account for approximately 75% of total retail electricity load and revenues of Minnesota Power.⁶ EITE Customers account for approximately 85% of all Minnesota Power industrial electricity sales. That means that approximately 63% of all retail sales for the Company come from the EITE customers covered by this rider.⁷

Without the EITE Customers, electricity rates for all other Minnesota Power customers in Northeastern Minnesota would be greater than they are currently. The revenue from EITE Customers results in additional contributions to operating margins that cover the Company's fixed costs. With EITE Customers paying a portion of fixed costs, the average fixed costs that are paid by

⁶ ALLETE, Inc. 2014 Form 10-K, page 7.

⁷ ALLETE, Inc. 2014 Form 10-K, page 8.

other Minnesota Power customers are lower. Without the contributions from EITE customers to cover these costs, the portion of fixed costs on other customers' bills would need to increase significantly. Minnesota Power's fixed costs include more than just the buildings, fixtures and structures needed to operate the utility; they include the costs of vital infrastructure and services needed to operate any utility to ensure the safety and reliability of operations. The Commission recognized this significant relationship between revenues and fixed costs when it approved the Margin Impact Analysis and related rate adjustment for the addition or loss of certain Large Power Customers in Minnesota Power's 2009 general rate case.⁸

Additionally, without the EITE Customers, Minnesota Power would have built less renewable energy resources to serve its customer load and meet Minnesota's Renewable Energy Standard ("RES").⁹ Most of Minnesota Power's renewable energy additions to its power supply to meet the RES have been in the form of wind energy, and the environmental benefits to the region are significant and clearly defined in the numerous wind project petitions filed with the Commission by Minnesota Power over the years. EITE Customers have funded approximately 50% of the costs of adding these renewable energy sources, contributing to the environmental quality of the region without actually being able to fully utilize these power sources to meet their energy supply needs. EITE customers run their operations all day, every day to optimize their operations to minimize product costs. As such, the intermittent nature of wind energy would not adequately supply these operations.

Minnesota Power's residential customer rates have been subsidized by other classes of customers for many years. The EITE Customers in the industrial class make the greatest contribution to this cross-subsidy. When analyzing the Class Cost of Service Study from the last Minnesota Power rate case in 2009, including rates for recoveries under subsequent cost recovery riders, residential rates would need to rise nearly 20% if they were not subsidized by other rate classes. Large Power customers pay for approximately 70% of this cross-subsidy to residential customers.

Keeping EITE Customers viable benefits the region and State of Minnesota

EITE Customers make significant contributions to Northeastern Minnesota in the areas of employment, supporting local economies, taxes paid and the Regional and State Gross Regional

⁸ See MPUC Docket No. E015/GR-09-1151.

⁹ Minn. Stat. § 216B.1691. Many EITE Customers are exempt from solar energy standard compliance costs due in part to concerns about raising rates for these same customers.

Product (“GRP”). It is in the public interest to keep these companies competitively viable to continue their contributions to regional economic well-being.

EITE Customers are significant employers in the region. According to a University of Minnesota Duluth Study by the Labovitz School of Business and Economics (“Labovitz Study”) published in October of 2012, titled “The Economic Impact of Ferrous and Non-Ferrous Mining on the State of Minnesota and the Arrowhead Region, including Douglas County, Wisconsin,” ferrous mining contributes approximately 4,500 direct jobs and 7,100 indirect jobs to the Northern Minnesota Region. The geographic scope for this analysis was the Arrowhead region of Minnesota, which includes Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis Counties. The Labovitz Study also stated that Mining and Forestry Contribute 40% of the Northeastern Minnesota GRP, while in contrast, tourism contributes only 11%.¹⁰

In addition to data from the Labovitz Study, the State of Minnesota Department of Employment and Economic Development (“DEED”) noted the growth in mining employment has outpaced the State of Minnesota’s overall growth in employment from 2008 to 2013. According to DEED, the five year growth for the State from 2008 to 2013 was only 0.4%. In contrast mining employment increased statewide 12.9% and in Northeast Minnesota the rate was even higher at 14.6%.

Also according to DEED, individuals working in mining had wages that were much higher on average than the median hourly wages of all occupations for Northeastern Minnesota, the State of Minnesota as a whole and the entire United States. Weekly mining wages averaged \$1,708 in Northeastern Minnesota, while the average of all workers in Northeastern Minnesota was \$760. The DEED report also states the per capita income in Northeastern Minnesota was approximately \$38,000 or 80% of the Minnesota average of \$47,000.¹¹ The growth of well-paying jobs in the mining sector has been extremely beneficial to lifting the regional economy. In contrast, salaries for jobs that are typically in the tourism related areas were about half or less of the average of all workers in Northeastern Minnesota.

¹⁰ “The Economic Impact of Ferrous and Non-Ferrous Mining on the State of Minnesota and the Arrowhead Region, including Douglas County, Wisconsin.” Labovitz School of Business and Economics, University of Minnesota Duluth. November 2012. Page 4.

¹¹ “Assessing the Impact of the Goods Producing Domain in Northeast Minnesota.” Minnesota Department of Employment and Economic Development. Pages 1-3.

The employment by large industrial companies in the region also has a large impact on indirect or additional employment as well. Economists call this the “multiplier effect.” For every one job in an industry, there are corresponding multiplied numbers of additional jobs created. The multiplier effect or the number of additional or indirect jobs created for a single employment in industrial-related and utility-related industries is significantly higher than other industries. Forestry related jobs have a multiplier impact of 8.5 times, Paper Mills 3.1 times, Nonferrous Mining 3.0 times, Electric Power Generation and Transmission 2.8 times, Ferrous Metal Mining 2.6 times and Manufacturing of metal fabrication 1.8 times.¹² Jobs related to the multiplier effect from ferrous mining in Northern Minnesota are in transportation, machinery, minerals, engineering, management and support services. Keeping EITE Customers competitively viable has a direct impact on growing well-paid jobs which contribute to the overall economic health of the region.

In addition, a positive economic impact on more than just employment and wages exists due to the presence of large industry in Northeastern Minnesota. The EITE Customers have a significant impact on local and regional economies from the businesses that service them. According to the Labovitz Study, ferrous mining contributes approximately \$2 billion in direct and indirect wages, products and services, rents, interest, and profits to the local economies. Additionally, there is approximately another \$3 billion in direct and indirect product production value that is exported from the State that directly benefits Northeastern Minnesota. The Labovitz Study also cited that 40% of the purchases from local suppliers were for energy related items. The 40% for energy related items is the single largest area of local purchases by a large margin paid to local suppliers. In addition, 12% of total purchases were paid for local transportation of rail and trucking in communities like Two Harbors and Duluth. This purchase of transportation supports jobs and the local economies in those communities which Minnesota Power serves.

EITE Customers are also significant taxpayers in the region supporting communities, schools, the State of Minnesota and local development through the Iron Range Resources and Rehabilitation Board (“IRRRB”). According to the Minnesota Department of Revenue Mining Tax Guide for 2014, ferrous mining contributed \$151.5 million to taxes payable in 2014. This included \$110 million in production taxes payable to cities and townships, school districts, counties, the IRRB and others. The Occupation Tax of \$15.8 million paid 10% to University of Minnesota, 40% to elementary and secondary education and 50% to the Minnesota’s General Fund. Ferrous mining

¹² “Assessing the Impact of the Goods Producing Domain in Northeast Minnesota.” Minnesota Department of Employment and Economic Development. Pages 8-9.

paid a combined income, sales and use taxes of \$24.7 million, which were 100% payable to Minnesota's General Fund. Another \$1.0 million in ad valorem taxes were paid to cities and townships, school districts, counties and the Indian Affairs Council.¹³ Local property tax abatement for individuals in the taconite relief district totaled \$11.4 million in 2014, including \$8.5 million in St Louis County, where Minnesota Power's general offices are located.¹⁴

EITE customers need competitive energy rates now

Minnesota Power, and Northeastern Minnesota as a whole, are currently reeling from the impacts of the increasingly cost competitive global markets that Minnesota Power's iron-producing customers are facing. Since the beginning of the year, the region has endured the layoffs of more than 1,200 steelworkers, which equates to more than 25% of the region's total mining workforce, as a result of shutdowns or idling of production at the following facilities: Mining Resources, Mesabi Nugget, Magnetation Plant 1, Keewatin Taconite, Minntac, and United Taconite. The loss of these jobs, even on a temporary basis, has a negative spin-off effect, as seen in reduced activity levels in industries that support the mines.

Minnesota Power has also been negatively impacted through reduced energy sales, with year-over-year electricity sales to the taconite/iron concentrate customers over 5% lower than 2014, and nearly 10% lower than the Company's expectations through the first half of the year. While Minnesota Power does have the opportunity to sell energy into the Midcontinent Independent System Operator ("MISO") market, those sales are made with a greater level of uncertainty and at a lower net benefit to both the utility and the state when compared to the local energy sales in northern Minnesota that support the industries that represent the economic engines of our region.

The state of Minnesota has taken other action help to enhance EITE customer competitiveness in areas beyond electric rates. In June 2015, the Executive Council - comprised of Minnesota's governor, lieutenant governor, secretary of state, treasurer, auditor and attorney general – reduced the royalty fees mining companies pay to whoever owns the mineral rights on the site where the mining is conducted. U.S. Steel, a Minnesota Power Large Power customer, was affected

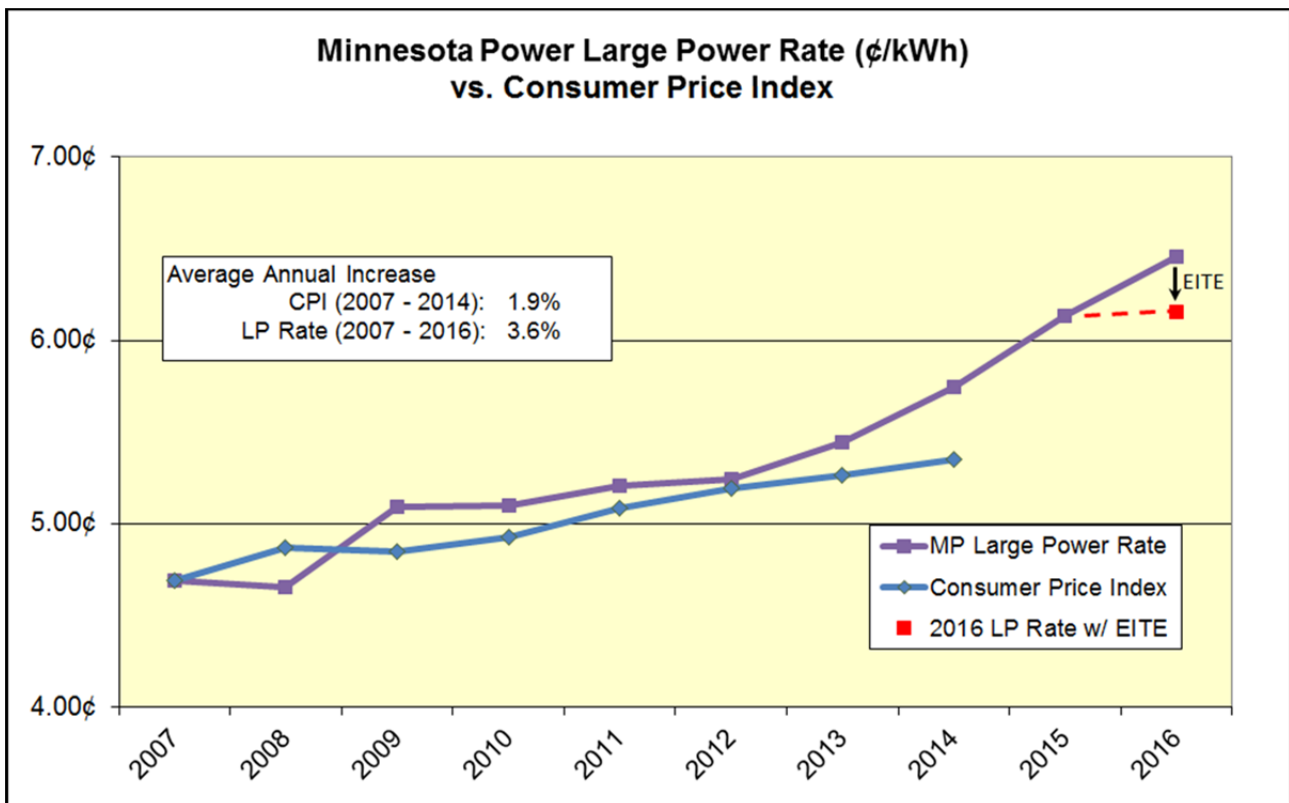
¹³ "2014 Mining Tax Guide." Minnesota Department of Revenue. Page 2.
http://www.revenue.state.mn.us/businesses/mineral/Documents/2014_mining_guide.pdf

¹⁴ "2014 Mining Tax Guide." Minnesota Department of Revenue. Page 14.
http://www.revenue.state.mn.us/businesses/mineral/Documents/2014_mining_guide.pdf

by this decision as their rates were reduced from 91 cents to 75 cents per ton for the next 25 million tons mined.¹⁵

As shown in Figure 1 below, Minnesota Power’s Large Power rate has increased at a significantly higher rate than the Consumer Price Index (“CPI”). However, energy costs are not the only expenses that have increased considerably for EITE Customers in the ferrous mining industry. Taxes per ton produced by ferrous mining have grown from \$2.20 per ton in 2003 to \$3.69 per ton in 2013, an increase of 67% in a decade. Energy rates are one input into businesses and by themselves cannot ensure the competitiveness of industries tied to the global marketplace. Competitive energy rates are, however, one tool that Minnesota Power and the State of Minnesota can use to directly support industries that provide economic benefits in northeastern Minnesota.

Figure 1: Minnesota Power Average Large Power Rate vs. Consumer Price Index



¹⁵ Myers, John. “State of Minnesota lowers mineral royalty for U.S. Steel.” Duluth News Tribune. June 3, 2015. <http://www.duluthnewstribune.com/news/3758937-state-minnesota-lowers-mineral-royalty-us-steel>

Conclusion

The proposed EITE Customers Rider and EITE Current Cost Recovery Rider are clearly in the public interest when the benefits of retaining Minnesota Power's large industrial customers are considered, including the significant economic benefits they contribute to Minnesota Power, all of its customers, the entire Northeastern Minnesota region and the State of Minnesota.

VI. CONCLUSION

Minnesota Power and northeastern Minnesota have thrived with the regional development of natural resources, particularly iron ore and native timber. Taconite mining, iron concentrate production, paper, pulp and secondary wood products, and pipeline industries are some of the largest industries in northern Minnesota providing thousands of direct and indirect well-paying jobs in the region. Fifty-four percent of Minnesota Power's kilowatt-hour sales went to these large industrial customers, which are vital to the economic health of the region, in 2014. These industries are a large and critical part of the regional economy and they face ongoing worldwide competition. Minnesota Power believes the EITE Customers Rider will help to ensure competitive electric rates for these energy-intensive trade-exposed customers and the EITE Current Cost Recovery Rider will appropriately recover the costs associated with the EITE Statute. The EITE Customers Rider and EITE Current Cost Recovery Rider are vital tools in helping to insure the global competitiveness of Minnesota's largest industries while retaining thousands of jobs and billions of dollars of economic contribution to northeastern Minnesota's economy. The Company respectfully requests that the Commission approve Minnesota Power's Petition and implement the energy policy of the State of Minnesota for energy-intensive trade-exposed customers.

Dated: November 13, 2015

Respectfully submitted,



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RIDER FOR ENERGY-INTENSIVE TRADE-EXPOSED (EITE) CUSTOMERS

APPLICATION

Designed to ensure competitive electric rates for Energy-Intensive Trade-Exposed (EITE) customers, this EITE Customers Rider is applicable to any eligible Large Power Service Customer (Rate Code 54/74) or Large Light and Power Service Customer (Rate Code 55/75) that meets the definition of an EITE customer as specified in Minnesota Statutes, Section 216B.1696 (EITE Statute).

In order to take service under this Rider, customer must have a Minnesota Public Utilities Commission (Commission) approved Electric Service Agreement (ESA) with a remaining term of not less than two (2) years.

Customer taking service under this Rider shall have total power requirement of at least 2,000 kW as set forth in its ESA.

RATE MODIFICATION

All provisions of the applicable ESA and applicable service schedules shall apply except as modified below.

Energy Charge Credit (ECC): There shall be an ECC of 1.15¢ per kWh for all Firm Energy, Excess Energy, and Incremental Production Service (IPS) Energy in excess of a monthly energy usage threshold determined to be 450 hours times the customer's expected peak electric usage, as specified in customer's EITE Customer Commitment Letter Agreement (Letter Agreement).

Below are two sample calculations for example purposes only of how the EITE Customer ECC would be applied to generic Large Power and Large Light and Power customers under full and partial production scenarios.

LARGE POWER

Example 1 (full production):

Customer's expected peak energy usage = 100 MW (set in Letter Agreement)

Total Energy (including Firm, Excess Energy, IPS Energy) = 62,220 MWh

Energy Charge Credit threshold = (100 MW x 450 hours) = 45,000 MWh

Energy over the 45,000 MWh will receive the ECC.

Credit Calculation = (62,220 MWh – 45,000 MWh) x \$11.50/MWh = \$198,030

Example 2 (partial production):

Filing Date November 13, 2015 MPUC Docket No. _____

Effective Date _____ Order Date _____

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

RIDER FOR ENERGY-INTENSIVE TRADE-EXPOSED (EITE) CUSTOMERS

Customer's expected peak energy usage = 100 MW (set in Letter Agreement)
Total Energy (including Firm, Excess Energy, IPS Energy) = 51,240 MWh
Energy Charge Credit threshold = (100 MW x 450 hours) = 45,000 MWh

Energy over the 45,000 MWh will receive the ECC.
Credit Calculation = (51,240 MWh – 45,000 MWh) x \$11.50/MWh = \$71,760

LARGE LIGHT AND POWER

Example 1 (full production):

Customer's expected peak energy usage = 10 MW (set in Letter Agreement)
Total Energy (including Firm, Excess Energy, IPS Energy) = 4,758 MWh
Energy Charge Credit threshold = (10 MW x 450 hours) = 4,500 MWh

Energy over the 4,500 MWh will receive the ECC.
Credit Calculation = (4,758 MWh – 4,500 MWh) x \$11.50/MWh = \$2,967

Example 2 (partial production):

Customer's expected peak energy usage = 10 MW
Total Energy (including Firm, Excess Energy, IPS Energy) = 4,026 MWh
Energy Charge Credit threshold = (10 MW x 450 hours) = 4,500 MWh

Energy over the 4,500 MWh will receive the ECC.
Credit Calculation = (4,026 MWh – 4,500 MWh) x \$11.50/MWh = \$0 (because ECC can't be negative)

SERVICE CONDITIONS

1. After a determination of meeting the eligibility requirements as set forth under the EITE Statute and this Rider, customer shall sign an EITE Customer Commitment Letter Agreement. The EITE Customer Commitment Letter Agreement shall include the customer's anticipated peak electric usage and other necessary information to calculate the ECC or other components of this Rider.
2. Customer shall begin to receive EITE Customer Rider benefits on the first of the month following Commission approval of this Rider and the Rider for Energy-Intensive Trade-Exposed Current Cost Recovery.
3. If Customer issues a cancelation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA

Filing Date November 13, 2015 **MPUC Docket No.** _____

Effective Date _____ **Order Date** _____

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

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

SECTION V **PAGE NO.** _____
REVISION Original

RIDER FOR ENERGY-INTENSIVE TRADE-EXPOSED (EITE) CUSTOMERS

term, which ESA is ultimately approved by the Commission. If Customer and Company do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Company under its Commission-approved ESA and applicable service schedules.

4. Customers who have taken service under this Rider shall not be subject to the Rider for Energy-Intensive Trade-Exposed Current Cost Recovery and do not need to submit an application for exemption.

Filing Date November 13, 2015 **MPUC Docket No.** _____
Effective Date _____ **Order Date** _____

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

RIDER FOR ENERGY-INTENSIVE TRADE-EXPOSED CURRENT COST RECOVERY

APPLICATION

Applicable to electric service under all Company’s Retail Rate Schedules, except as provided below in the CUSTOMER EXEMPTIONS section for Residential customers qualified for Low Income Home Energy Assistance Program (LIHEAP), and any customer meeting the definition of an Energy-Intensive Trade-Exposed (EITE) customer as specified in Minnesota Statutes, Section 216B.1696. Customers taking service under Outdoor and Area Lighting, and Street and Highway Lighting Service Schedules are also exempt.

EITE COST RECOVERY ADJUSTMENT

In addition to all charges for service taken under Company’s standard rate schedules, there shall be added to the monthly bills of all non-exempt customers an EITE Cost Recovery Adjustment, as follows:

- All applicable Residential Customers 1.52¢ per kWh for all kWh
- All other applicable Retail Customers \$11.45 per service agreement per month

CUSTOMER EXEMPTIONS

With the exception of Lighting customers and Residential LIHEAP customers, all other customers must submit an application to the Company to be exempted from this Rider.

Residential customers identified in the Company’s Customer Information System as LIHEAP are exempted from the Rider for Energy-Intensive Trade-Exposed Current Cost Recovery and do not need to submit an application.

Customers who have taken service under the Rider for Energy-Intensive Trade-Exposed (EITE) Customers are exempted from the Rider for Energy-Intensive Trade-Exposed Current Cost Recovery and do not need to submit an application.

Customers who have more than 150 service agreements subject to the EITE Cost Recovery Adjustment may apply to the Company for a refund of the amount paid on service agreements in excess of 150. Such application must be made on an annual basis and submitted by March 31 of the year following the payment period.

Filing Date November 13, 2015 MPUC Docket No.
Effective Date Order Date

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

MINNESOTA POWER
2016 EITE Cost Recovery Adjustment
Cost Allocation and Rate Design

2016 Budgeted Billing Units	kWh	Average Number of Customers Bills	2016 Budgeted Avg Monthly kWh Per Customer
Residential	1,084,208,000	119,309	757
General Service	664,358,000	20,350	2,721
Large Light & Power	1,405,465,000	499	234,714
Large Power	5,857,597,000	10	48,813,308
Municipal Pumping	20,996,000	273	6,409
Lighting	22,338,000	5,137	362
Total	9,054,962,000	145,578	5,183

Less LIHEAP Customers	105,488,010	11,135	789
Less General Service EITE Eligible	8,706,000	48	15,115
Less Large Light & Power EITE Eligible	231,636,000	12	1,608,583
Less Large Power EITE Eligible	5,857,597,000	10	48,813,308

Non-Exempt EITE Paying Customers

Residential	978,719,990	108,174	754
General Service	655,652,000	20,302	2,691
Large Light & Power	1,173,829,000	487	200,861
Large Power			
Municipal Pumping	20,996,000	273	6,409
Lighting	22,338,000	5,137	362
Total	2,851,534,990	134,373	1,768

Cost Allocation to EITE Paying Customers

Per Customer, excluding Lighting	Average Number of Customers Bills	Allocation %	Cost Allocation
Residential	108,174	83.70%	\$14,859,771
General Service	20,302	15.71%	\$2,788,869
Large Light & Power	487	0.38%	\$66,899
Large Power	-	0.00%	\$0
Municipal Pumping	273	0.21%	\$37,502
Lighting	-	0.00%	\$0
Total	129,236	100.00%	\$17,753,040

EITE Cost Recovery Adjustment

	Proposed 2/1/2016	
Residential	1.52	cents/kWh
General Service	\$11.45	\$/month
Large Light & Power	\$11.45	\$/month
Large Power	\$0.00	-
Municipal Pumping	\$11.45	\$/month
Lighting	\$0.00	-

EITE RESIDENTIAL BILL SAMPLE

Standard Rate Schedule with EITE per kWh Charge
Energy Usage per Month = 754 kWh

Service Charge	\$	8.00
300 kWh @ \$0.05098	\$	15.29
200 kWh @ \$0.06735	\$	13.47
250 kWh @ \$0.08168	\$	20.42
4 kWh @ \$0.08445	\$	0.34
0 kWh @ \$0.08937	\$	-
Affordability Surcharge	\$	0.51
Renewable Adjustment 754 kWh @ \$0.01102	\$	8.31
Transmission Adjustment 754 kWh @ \$0.00216	\$	1.63
Boswell 4 Plan Adjustment 754 kWh @ \$0.00265	\$	2.00
EITE Cost Recovery Adjustment 754 kWh @ \$0.01520	\$	11.46
Resource Adjustment	\$	9.31
Minnesota Sales Tax 6.875%	\$	6.24
Total charge for service agreement	\$	96.97

EITE COMMERCIAL BILL SAMPLE - GENERAL SERVICE WITH DEMAND
--

Standard Rate Schedule with EITE per SA Charge			
Demand kW = 71 kW			
	Service Charge	\$	10.50
71 kW	Demand Charge 71 kW @ \$5.86	\$	416.06
28,800 kWh	Energy charge 28,800 kWh @ \$0.05288	\$	1,522.94
Affordability Surcharge		\$	0.67
Renewable Adjustment 28,800 kWh @ \$0.01102		\$	317.38
Transmission Adjustment 28,800 kWh @ \$0.00216		\$	62.21
Boswell 4 Plan Adjustment 28,800 kWh @ \$0.00265		\$	76.32
EITE Cost Recovery Adjustment		\$	11.45
Resource Adjustment		\$	355.45
Minnesota Sales Tax 6.875%		\$	190.64
Total charge for service agreement		\$	2,963.62



Completed applications are considered **CONFIDENTIAL**.

APPLICATION FOR EITE RATE ELIGIBILITY AND/OR EITE RIDER EXEMPTION

Minnesota Statute 216B.1696, allows Minnesota Power to offer various rate options to ensure competitive electricity rates for energy-intensive trade-exposed (EITE) customers. Customers meeting the statutory definition listed below may eligible for an EITE rate. Costs of offering an EITE rate would be excluded from the rates of EITE and low-income customers.

Contact Information:

Last Name _____ First Name _____ Middle Initial _____
Company _____
Mailing Address _____
Phone Number _____
Email _____

Billing Information:

Existing Minnesota Power Customer? Yes No
Existing Account Number(s) _____
Billing Address _____

Facility Exemption Request:

Customers may request eligibility for an EITE rate for each facility with a primary business purpose meeting the statutory exemption. Please list all applicable facilities on this page, using the following page if necessary. Primary business purposes at each location should be consistent with one of the following:

- Iron mining extraction and processing facility, including a scam mining facility (defined in MN Rules, part 6130.0100, subpart 16)*
- or*
- A paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer*
- or*
- A steel mill and related facilities*
- or*

A retail customer that has facilities under a single electric service agreement that: (i) collectively impose a peak electrical demand of at least 10,000 kilowatts on Minnesota Power's system, (ii) has a combined annual average load factor in excess of 80 percent, and (iii) is subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production.

Customer Facility Name _____
Associated Minnesota Power Account Number _____
Facility Address _____
Primary Business Purpose of Facility (Meeting Definition of Exempt Customers Listed Above) _____
Applicable NAICS Code(s) _____

Authorization:

I, _____, certify that the information provided above is accurate and truthful and that I am authorized by the above-referenced company to submit this application and:

- Request to participate in the EITE Tariff offering
- Request exemption from costs associated with the EITE Rider

Signature _____ Date _____

Return Instructions:

Send your completed application to:
Mail: Minnesota Power Marketing Department, 30 W Superior Street, Duluth, MN 55802
Email: EITE@mnpower.com



Completed applications are considered **CONFIDENTIAL**.

Additional Customer Facilities Requesting Exemption

Customer Facility Name _____
Associated Minnesota Power Account Number _____
Facility Address _____
Primary Business Purpose of Facility (Meeting Definition of Exempt Customers Listed Above) _____
Applicable NAICS Code(s) _____

Customer Facility Name _____
Associated Minnesota Power Account Number _____
Facility Address _____
Primary Business Purpose of Facility (Meeting Definition of Exempt Customers Listed Above) _____
Applicable NAICS Code(s) _____

Customer Facility Name _____
Associated Minnesota Power Account Number _____
Facility Address _____
Primary Business Purpose of Facility (Meeting Definition of Exempt Customers Listed Above) _____
Applicable NAICS Code(s) _____

Customer Facility Name _____
Associated Minnesota Power Account Number _____
Facility Address _____
Primary Business Purpose of Facility (Meeting Definition of Exempt Customers Listed Above) _____
Applicable NAICS Code(s) _____

Customer Facility Name _____
Associated Minnesota Power Account Number _____
Facility Address _____
Primary Business Purpose of Facility (Meeting Definition of Exempt Customers Listed Above) _____
Applicable NAICS Code(s) _____

Authorization:

I, _____, certify that the information provided above is accurate and truthful.

Signature _____ Date _____



Completed applications are considered **CONFIDENTIAL**.

NAICS Codes Information

The North American Industry Classification System (NAICS) is the standard used by the United States federal statistical agencies, including the United States Census, for classifying businesses for collecting, analyzing, and publishing statistical data. NAICS classifications are self-reported by businesses. The Minnesota Public Utilities Commission ordered that NAICS codes be used as an initial screening tool to determine if a business meets the statutory definition for exemption from the Solar Energy Standard.¹

Please note that the following NAICS codes are pre-approved as being applicable to facilities seeking exclusion.

NAICS Code	Category
212210	Iron Ore Mining
321113	Sawmills
321114	Wood Preservation
321211	Hardwood Veneer and Plywood Manufacturing
321212	Softwood Veneer and Plywood Manufacturing
321213	Engineered Wood member (Except truss) Mfg.
321214	Truss Manufacturing
321219	Reconstituted Wood Product Mfg.
321911	Wood Window and Door Mfg.
321912	Cut Stock, Resawing Lumber and Planning
321918	Other Millwork (incl. flooring)
321920	Wood Container and Pallet Mfg.
321991	Manufactured Home (mobile Home) Mfg.
321992	Prefabricated Wood Building Mfg.
321999	All Other Misc. Wood Product Mfg.
322110	Pulp Mills
322121	Paper (except Newsprint) Mills
322122	Newsprint Mills
322130	Paperboard Mills
322211	Corrugated and Solid Fiber Box Mfg.
322212	Folding Paperboard Box Mfg.
322219	Other Paperboard Container Mfg.
322220	Paper Bag and Coated and Treated Paper Mfg.
322230	Stationery Product Mfg.
322291	Sanitary Paper Product Mfg.
322299	All Other Converted Paper Product Mfg.

RECOMMENDED STEEL MILL NAICS

NAICS Code	Category
332111	Iron and Steel Forging
333511	Industrial Mold Mfg.
423510	Metal Service Centers and Wholesale

¹ Docket E999/CI-13-542. Order dated 11/20/13. MPUC finds that NAICS codes should be the initial screen for determining exclusion from the SES.



CONFIDENTIAL

Date: Month DD, YYYY

To: Customer Contact
Title
Customer Name
Address
CITY, STATE ZIP

Subject: EITE Customer Commitment Letter Agreement

Dear _____,

This Letter Agreement between Minnesota Power and _____ (“Customer,” and together with Minnesota Power, the “Parties”) sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed (“EITE”) Customers (“EITE Customers Rider”), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 (“EITE Statute”). This Letter Agreement does not modify any terms or conditions in Customer’s Amended and Restated Electric Serviced Agreement (“Electric Service Agreement”) as executed on _____ and approved by the Commission in Docket No. E015/M-_____ on _____. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery (“EITE Current Cost Recovery Rider”).

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power’s EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement (“ESA”) with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA’s term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer’s expected site peak electric usage. Customer’s expected peak electric usage shall initially be set at _____. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter 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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of _____.

[INSERT CUSTOMER NAME]

MINNESOTA POWER

By: _____

By: _____

Title: _____

Title: _____



AN ALLETE COMPANY

CONFIDENTIAL

Date: November 6, 2015

To: Jonathan Holmes
Vice President/Operations Manager
ArcelorMittal-Minorca Mine
PO Box 1
Virginia, MN 55792

Subject: EITE Customer Commitment Letter Agreement

Dear Jonathan,

This Letter Agreement between Minnesota Power and ArcelorMittal Minorca Mine Inc. ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Serviced Agreement ("Electric Service Agreement") as executed on August 9, 2005 and approved by the Commission in Docket No. E015/M-05-1496 on November 15, 2005. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] kW. ^(TRADE SECRET DATA EXCISED) The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter 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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of November 11, 2015

ARCELORMITTAL-MINORCA MINE INC.

MINNESOTA POWER

DocuSigned by:
By: Wendell Carter
CEBAF69BDF9D462...

By: Patrick K. Miller

Title: General Manager/VP- Indiana Harbor

Title: Vice President - Marketing

ARCELORMITTAL-MINORCA MINE INC.

DocuSigned by:
By: Eric Knorr
72434A66BF8640D...

Title: Division Manager- Raw Materials

DS PC DS WH DS BM DS JH



AN ALLETE COMPANY

CONFIDENTIAL

Date: November 6, 2015

To: Mr. Joe Maher
General Manager
Blandin Paper Company
115 SW First Street
Grand Rapids, MN 55744

Subject: EITE Customer Commitment Letter Agreement

Dear Joe,

This Letter Agreement between Minnesota Power and Blandin Paper Company ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Service Agreement ("Electric Service Agreement") as executed on August 30, 2007 and approved by the Commission in Docket No. E015/M- 04-407 on February 4, 2008. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective Electric Service Agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] kW. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of November 11, 2015.

BLANDIN PAPER COMPANY

MINNESOTA POWER

By: Joseph Maher
Nov. 10, 2015

By: Patrick K. Miller

Title: GENERAL MANAGER

Title: Vice President - marketing



AN ALLETE COMPANY

CONFIDENTIAL

Date: November 9, 2015

To: Bert Brown
Mill Manager
Boise Paper
400 2nd Street
International Falls, Minnesota 56649

Subject: EITE Customer Commitment Letter Agreement

Dear Bert,

This Letter Agreement between Minnesota Power and Boise, Inc. ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Service Agreement ("Electric Service Agreement") as executed on November 15, 2013, and approved by the Commission in Docket No. E015/M-13-1084 on January 31, 2014. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective Electric Service Agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] kW. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized representatives as of November 11, 2015.

BOISE, INC.

MINNESOTA POWER

(RLW)

By: Paul A. Long

By: Patrick K. Miller

Title: CORPORATE PURCHASING MANAGER - ENERGY Title: Vice President - Marketing



CONFIDENTIAL

November 6, 2015

Jack Croswell
General Manager
Hibbing Taconite Company
PO Box 589
Hibbing Minnesota 55746-0589

Subject: EITE Customer Commitment Letter Agreement

Dear Jack,

This Letter Agreement between Minnesota Power and Hibbing Taconite Company a joint venture ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Serviced Agreement ("Electric Service Agreement") as executed on September 16, 2008 and approved by the Commission in Docket No. E015/M--08-1301 on July 27 2009. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] MW. (TRADE SECRET DATA EXCISED) The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

Please execute one copy of this document and return to Minnesota Power. A complete document will be returned to you. Alternatively you can sign scan and emails it back.

Sincerely,




David Zelinski
Account manager
Minnesota power

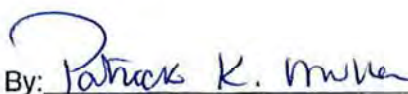
C Tolaver Rapp -Cliffs NR
Drew Moratzka - Stoel Rives LLP

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of 11/9/15.

HIBBING TACONITE

MINNESOTA POWER

By: 

By: 

Title: EVP-USIO

Title: Vice President - marketing



CONFIDENTIAL

Date: November 11, 2015

To: Kevin Petz
Plant Manager
Mesabi Nugget Delaware, LLC
P.O. Box 235
Hoyt Lakes, MN 55750

Subject: EITE Customer Commitment Letter Agreement

Dear Kevin,

This Letter Agreement between Minnesota Power and Mesabi Nugget Delaware, LLC ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Serviced Agreement ("Electric Service Agreement") as executed on February 19th, 2014 and approved by the Commission in Docket No. E015/M-14-155 on September 5th, 2014. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission,

Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at (TRADE SECRET DATA EXCISED) kW. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of 11/13/15.

MESABI NUGGET DELAWARE, LLC

By: _____

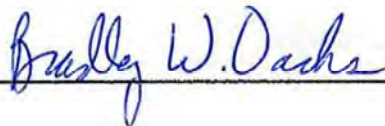


Title: _____

Plant Manager

MINNESOTA POWER

By: _____



Title: _____

Chief Operating Officer - MP



CONFIDENTIAL

Date: November 11, 2015

To: Mark Lorenz
Plant Manager
Mining Resources, LLC
11050 Highway 169
Chisholm, MN 55719

Subject: EITE Customer Commitment Letter Agreement

Dear Mark,

This Letter Agreement between Minnesota Power and Mining Resources, LLC ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Serviced Agreement ("Electric Service Agreement") as executed on November 18th, 2011 and approved by the Commission in Docket No. E015/M-11-1215 on February 11th, 2012. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission,

Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement ("ESA") with Minnesota Power. If Customer issues a cancelation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] kW. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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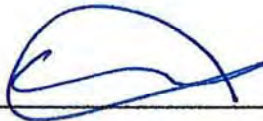
same shall be in writing and signed and delivered by both Parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed a waiver with respect to any subsequent default or other matter. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of 11/13/15.

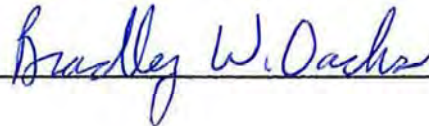
Mining Resources, LLC

MINNESOTA POWER

By: _____



By: _____



Title: _____

PLANT MANAGER

Title: _____

Chief Operating Officer - MP



AN ALLETE COMPANY

CONFIDENTIAL

Date: November 6, 2015

To: Mr. Mike Schultz
Managing Director
Sappi Cloquet LLC
2201 Avenue B, PO Box 511
Cloquet, MN 55720

Subject: EITE Customer Commitment Letter Agreement

Dear Mike,

This Letter Agreement between Minnesota Power and Sappi Cloquet LLC ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Service Agreement ("Electric Service Agreement") as executed on May 10, 2002 and approved by the Commission in Docket No. E015/M-04-407 on October 29, 2004. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective Electric Service Agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] kW. ^(TRADE SECRET DATA EXCISED) The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of November 11, 2015

SAPPI CLOQUET LLC

MINNESOTA POWER

By: John D. Mahure

By: Patrick K. Miller

Title: VP Procurement

Title: Vice President - Marketing



AN ALLETE COMPANY

CONFIDENTIAL

Date: November 6, 2015

To: Santi Romani
General Manager
United Taconite, LLC
P.O. Box 180
Eveleth, MN 55734

Subject: EITE Customer Commitment Letter Agreement

Dear Santi,

This Letter Agreement between Minnesota Power and United Taconite, LLC ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Service Agreement ("Electric Service Agreement") as executed on September 16, 2008 and approved by the Commission in Docket No. E015/M-08-1302 on July 27, 2009. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at (b) (5) MW. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

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IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of 11/9/15.

UNITED TACONITE, LLC

MINNESOTA POWER

By: 

By: 

Title: EVP-USIO

Title: Vice President - Marketing



AN ALLETE COMPANY

CONFIDENTIAL

Date: November 9, 2015

To: Ralph Riberich
Director-Energy and Metals
Global Procurement
United States Steel Corporation
600 Grant Street – Suite 2028
Pittsburgh, PA 15219-2800

Subject: EITE Customer Commitment Letter Agreement

Dear Ralph,

This Letter Agreement between Minnesota Power and United States Steel Corporation ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Serviced Agreement ("Electric Service Agreement") as executed on June 10, 2005 and approved by the Commission in Docket No. E015/M-05-1175 on September 9, 2005. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective electric service agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits under the EITE Customers Rider shall be placed into a tracker, receipt of which benefits or rate credits is contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules. As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] [TRADE SECRET DATA EXCISED]. The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

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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. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of November 11, 2015.

UNITED STATES STEEL CORPORATION


MINNESOTA POWER

By: 

By: 

Title: Director - Energy + Metals - Procurement Title: Vice President - Marketing

UNITED STATES STEEL CORPORATION

By: 

By: ACTING HEAD - U.S. STEEL MINING SOLUTIONS



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Date: November 10, 2015

To: Thomas Scharff
Director, Energy Services
Verso Corporation
610 High Street
Wisconsin Rapids, Wisconsin 54495

Subject: EITE Customer Commitment Letter Agreement

Dear Tom,

This Letter Agreement between Minnesota Power and NewPage Wisconsin System Inc. ("Customer," and together with Minnesota Power, the "Parties") sets forth the terms and conditions for Customer to receive, and Minnesota Power to provide, service under the Rider for Energy-Intensive Trade-Exposed ("EITE") Customers ("EITE Customers Rider"), as authorized by First Special Session, 2015 Minnesota Laws Chapter 1, Article 3, Section 26 and codified at Minnesota Statutes Section 216B.1696 ("EITE Statute"). This Letter Agreement does not modify any terms or conditions in Customer's Amended and Restated Electric Service Agreement ("Electric Service Agreement") as executed on July 17, 2012 and approved by the Commission in Docket No. E015/M-12-1025 on December 10, 2012. Under the EITE Statute, the Parties acknowledge that Minnesota Power is petitioning for Commission approval of both the EITE Customers Rider and a Rider for EITE Current Cost Recovery ("EITE Current Cost Recovery Rider").

This Letter Agreement shall be effective on the first day of the calendar month immediately following and contingent upon Commission approval of both Minnesota Power's EITE Customers Rider and EITE Current Cost Recovery Rider. In the event that Commission approval of either the EITE Customers Rider or EITE Current Cost Recovery Rider does not occur, or is approved subject to terms or conditions to which either Minnesota Power or Customer objects, or is revised or modified in any material respect by the Commission, Minnesota Power and Customer agree to immediately make a good faith effort to renegotiate the terms of this Letter Agreement to accommodate regulatory requirements while maintaining

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the respective economic benefits to each party as set forth in this Letter Agreement, EITE Customers Rider, and EITE Current Cost Recovery Rider.

By signing this Letter Agreement, Customer agrees that it meets the eligibility requirements as set forth in the EITE Statute and the proposed EITE Customers Rider. Customer further agrees that its eligibility shall be contingent upon a current and effective Electric Service Agreement ("ESA") with Minnesota Power. If Customer issues a cancellation notice related to the term of the ESA, then within the final two years of its ESA term, any benefits or rate credits that would have been received during such final two years under the EITE Customers Rider shall be placed into a tracker, and receipt of such benefits or rate credits will be contingent upon negotiation of a new ESA prior to expiration of the ESA term, which ESA is ultimately approved by the Commission. If the Parties do not execute a new ESA prior to the expiration of the existing ESA's term, Customer shall forfeit all benefits and rate credits in the tracker and such rate credits shall be credited under and pursuant to the EITE Current Cost Recovery Rider. During this two-year period, Customer shall continue to take service from Minnesota Power under its Commission-approved ESA and applicable service schedules.

As set forth in the proposed EITE Customers Rider, Customer shall receive an Energy Charge Credit of \$11.50/MWh for all applicable Firm energy, Excess energy and Incremental Production Service Energy in excess of a monthly energy usage threshold, generally determined to be 450 hours times Customer's expected site peak electric usage. Customer's expected peak electric usage shall initially be set at [REDACTED] kW. ^[TRADE SECRET DATA EXCISED] The Parties agree that this expected peak electric usage shall be updated if operations or ESA parameters change due to conditions that could include, by way of example, changes in operation or generating profiles or establishment of new load. Additional terms and conditions of the Energy Charge Credit are set forth in the EITE Customers Rider.

This Letter Agreement shall be binding upon the Parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Letter Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld. Notwithstanding the foregoing, consent shall not be required by either party for assignment to any newly formed affiliate or any party reorganizing its corporate structure.

All other previous communications related to this Letter Agreement between Minnesota Power and Customer either verbal or written, are abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Letter Agreement shall be effective unless the

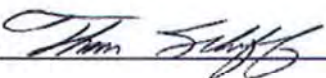
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same shall be in writing and signed and delivered by both Parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed a waiver with respect to any subsequent default or other matter. This Letter Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Person, other than Minnesota Power and Customer and the obligations herein assumed are solely for the use and benefit of Minnesota Power and Customer nor is anything in this Letter Agreement intended to relieve or discharge the obligation or liability of any third Persons or any party, nor shall any provision of this Letter Agreement give any third Persons any right of subrogation or action over against any party.

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement by their duly authorized officers as of November 11, 2015.

NEWPAGE WISCONSIN SYSTEM INC.

MINNESOTA POWER

By: 

By: 

Title: President, Power Generation

Title: Vice President - marketing



Completed applications are considered **CONFIDENTIAL**.

APPLICATION FOR EITE COST RECOVERY RIDER RELATED REFUND

Minnesota Statute 216B.1696, allows Minnesota Power to offer various rate options to ensure competitive electricity rates for energy-intensive trade-exposed (EITE) customers. The costs of offering an EITE rate are recovered through the EITE Cost Recovery Rider on customer bills. In order to ensure customers with high numbers of Service Agreements are not unfairly penalized, Minnesota Power is capping the EITE Cost Recovery Rider at 150 Service Agreements per month.

Contact Information:

Last Name _____ First Name _____ Middle Initial _____
Company _____
Mailing Address _____
Phone Number _____
Email _____

Billing Information:

Existing Minnesota Power Account Number(s) _____
Billing Address _____

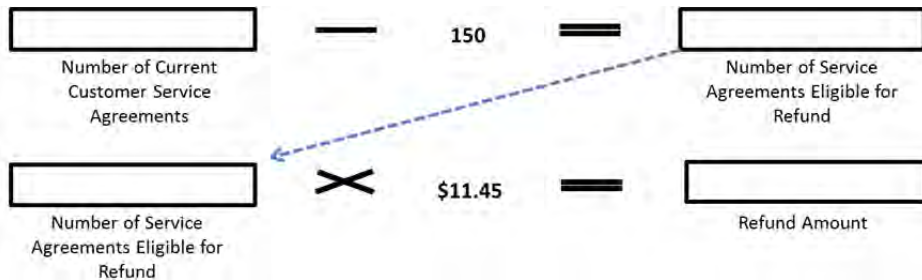
Refund Request:

Customers with 150 or more eligible Service Agreements are eligible for a refund for amounts paid over that cap. The application period is from January 1 through March 1 of each year, requesting a refund for amounts paid over the cap in the previous calendar year.

Number Eligible of Customer Service Agreements: _____

Refund Requested: \$ _____

To determine the eligible refund amount, please use the following calculation:



Authorization:

I, _____, certify that the information provided above is accurate and truthful and that I am authorized by the above-referenced company to submit this application for refund.

Signature _____ Date _____

Return Instructions:

Send your completed application to:

Mail: Minnesota Power Marketing Department, 30 W Superior Street, Duluth, MN 55802

Email: EITE@mnpower.com

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 13th day of November, 2015, she served Minnesota Power's Petition to Ensure Competitive Electric Rates for Energy-Intensive Trade-Exposed Customers on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on the attached service list were served as requested.



Susan Romans

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Gary	Anderson	N/A	Stora Enso	Duluth Paper Mill 100 N. Central Avenue Duluth, MN 55807	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List
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_Large Power Service List
Greg	Chandler	greg.chandler@upm-kymmene.com	UPM Blandin Paper	115 SW First St Grand Rapids, MN 55744	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Jack	Croswell	N/A	Hibbing Taconite	P O Box 589 Hibbing, MN 55746	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_Large Power Service List
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
James	Jarvi	N/A	Minnesota Ore Operations - U S Steel	P O Box 417 Mountain Iron, MN 55768	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	GEN_SL_Minnesota Power_Large Power Service List
Patrick	Loupin	PatrickLoupin@PackagingCorp.com	Packaging Corporation of America	PO Box 990050 Boise, ID 83799-0050	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sarah	Manchester	N/A	Sappi Fine Paper North America	255 State St Fl 4 Boston, MA 02109-2617	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List
Keith	Matzdorf	keith.matzdorf@sappi.com	Sappi Fine Paper North America	PO Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_Large Power Service List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Ralph	Riberich	rriberich@uss.com	United States Steel Corp	600 Grant St Ste 2028 Pittsburgh, PA 15219	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Santi	Romani	N/A	United Taconite	P O Box 180 Eveleth, MN 55734	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
William	Schmidt		USG Interiors, Inc.	35 Arch Street Cloquet, MN 55720	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List
Joe	Scipioni		PolyMet Mining, Inc.	P.O. Box 475 County Highway 666 Hoyt Lakes, MN 55750	Paper Service	No	GEN_SL_Minnesota Power_Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Karen	Turnboom	karen.turnboom@newpage corp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_Large Power Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	GEN_SL_Minnesota Power_Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Margaret	Hodnik	mhodnik@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duulth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Karen	Turnboom	karen.turnboom@newpagecorp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List