

**Minnesota Public Utilities Commission**  
*Staff Briefing Papers*

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**Meeting Date:** April 1, 2014 ..... **Agenda Item # \*\*18**

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**Companies:** Minnesota Power

**Docket No.** E-015/GR-09-1151  
In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota

**Issue:** Would the provision of incremental electric service to Essar Steel by the City of Nashwauk/Nashwauk Public Utilities Commission qualify as a trigger for the Margin Impact Analysis (MIA) filing requirement under the Multi-Party Stipulation and Settlement Agreement in Minnesota Power's 2009 rate case?

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***Relevant Documents***

Department of Commerce Comments (Public and TS) ..... December 17, 2013  
Minnesota Power's Reply Comments ..... January 22, 2014

***Other Documents in Case Record***

Stipulation and Settlement Agreement (Public and TS) ..... June 23, 2010  
Commission Order ..... November 2, 2010  
Department Campbell Direct Testimony (cover page and pp. 53-57)..... April 22, 2010  
Department Campbell Surrebuttal Testimony (cover page and pp. 36-40) ..... May 12, 2010

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## Statement of the Issue

Would the provision of incremental electric service to Essar Steel by the City of Nashwauk/Nashwauk Public Utilities Commission qualify as a trigger for the Margin Impact Analysis (MIA) filing requirement under the Multi-Party Stipulation and Settlement Agreement in Minnesota Power's 2009 rate case?

## Introduction

Minnesota Power's ("MP" or the "Company") most recent general rate increase case was resolved in part by the Commission's acceptance of a Multi-Party Stipulation and Settlement Agreement ("Settlement Agreement") and by Commission's decisions on issues not encompassed by the Settlement Agreement (Minnesota Public Utility Commission's Order issued November 2, 2010, in Docket No. E-015/GR-09-1151). Five of the seven parties to this proceeding were parties to the Settlement Agreement, including Minnesota Power, the Office of Energy Security ("OES" or "Department"), the Large Power Intervenors, the Energy CENTS Coalition, and the Minnesota Chamber of Commerce. The Office of the Attorney General – Residential and Small Business Utilities Division ("OAG" or "RUD-OAG") opposed the Stipulation and Settlement Agreement in its briefs.

Of the several concerns agreed upon in the Settlement Agreement, one included the allowance of limited scope reopener for retail rate adjustment should future material changes in sales impact the fairness of the settlement and MP's future profitability (i.e., settlement Paragraph 1.E).

Paragraph 1.E of the Settlement Agreement is the area focus of the Department's and MP's recent comments. Particularly under evaluation is applicability of Paragraph 1.E.1 of the agreement which established a trigger for rates analysis and states,

“Minnesota Power shall file a Margin Impact Analysis with any new or amended Large Power Electric Service Agreement (“ESA”) filing where the new or changed electric demand is 25 MW or greater ...”

Further, Paragraph 1.E.4 of the agreement establishes the premise for potential rate adjustments outside of general rate case and states,

“[t]he Settling Parties further agree that, predicated upon the Margin Impact Analysis and any other facts deemed relevant at the time, any party to this settlement may, in lieu of requesting the filing of a new general rate case proceeding, petition the Commission for an adjustment to Minnesota Power's retail rate levels. Each of the Settling Parties agrees not to contest such a petition on the grounds that single issue ratemaking is not lawful.”

In its December 17, 2013 comments, the Department brought to the Commission's attention an expected near-term MP sales increase, to support Essar Steel Minnesota, LLC's ("ESML" or "Essar") future mining operations. The Department believes this load increase of approximately 110 MW would activate the requirement of MP to submit a Margin Impact Analysis, per terms

of the Settlement Agreement (Paragraph 1.E.1). Because the increased sales have not yet occurred, the Department concluded that no action is necessary at this time; however, it sought any guidance the Commission would like to offer on the reopener and Margin Impact Analysis threshold issue.

In MP's January 22, 2014, reply comments, the Company disagreed with the Department's conclusion that the identified sales change qualifies under the terms of the Settlement Agreement. MP explained that Essar is a retail customer of the City of Nashwauk/Nashwauk Public Utilities Commission ("City", "Nashwauk" or "NPUC") and that utility service to support Essar's future mining operations lie within the City's service territory. MP stated that its sales to the City are non-jurisdictional, wholesale customer sales. MP concluded no Commission action is necessary.

## Background

For background overview, a brief summary and timeline of past, directly-related filings and events are presented next. The discussion of current issue will follow.

On March 23, 2007, the City of Nashwauk, a municipality providing electric service via Nashwauk Public Utilities Commission, petitioned the Commission to extend its assigned electric service territory into an area assigned to Lake Country Power Cooperative (Docket No. E-106,280/SA-07-351). The petition included an agreement between the two entities. The Commission approved<sup>1</sup> the petition on May 25, 2007, and the City of Nashwauk annexed certain parcels of land of about 2,346.5 acres to its electric service territory. The annexed geographic area was described within the electric service territory agreement as the Minnesota Steel Area.

In October 2007, Essar Steel Holdings acquired from Minnesota Steel Industries, a fully-permitted mining project that included future construction of a new pellet plant and new electric arc furnace, located in the vicinity of Nashwauk's recently annexed electric service territory.

On June 1, 2009, Nashwauk Public Utilities Commission ("NPUC") and Minnesota Power jointly filed an application for a Route Permit to construct four 230 kV transmission lines and two 230 kV substations to supply electric power to a single source entity – Essar Steel Minnesota. Essar Steel had obtained state approvals to reactivate the former Butler Taconite mine to develop new facilities, including a taconite pellet plant and steel production plant. The proposed transmission lines would accommodate the additional demand from Essar Steel. Ownership interests of these facilities would be either MP, Essar or NPUC, dependent on utilization of state grant dollars and further determined by financial and operation perspectives.<sup>2</sup> In an August 2, 2010 Commission order (Docket No. E-280/TL-09-512), the Commission approved and adopted the ALJ's findings, the applicants' proposed four routes (described in the

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<sup>1</sup> The electric service territory agreement was approved by the Commission on May 25, 2007, in Docket E-106,280/SA-07-351, *In the Matter of the Application of the City of Nashwauk to Extend its Assigned Service Area Presently Assigned to Lake Country Power*. Minnesota Statutes §§ 216B.37-216B.47.

<sup>2</sup> Docket No. E-280/TL-09-512, Exhibit 3 at 3 (NPUC Direct Testimony of Bryan Adams).

application as Routes 1, 2, 3 and 4), two new substations and modification to the existing Blackberry Substation. With the order, the Commission issued a High Voltage Transmission Line (“HVTL”) Route Permit to NPUC and MP with appropriate conditions. Recently, on April 3, 2013, in compliance with Route Permit, MP notified the Commission the completion of the 230 kV lines construction and the placed in service date of April 1, 2013.

On August 26, 2009, in Docket E-015/LR-09-997, Minnesota Power notified the Commission that it elected to seek local review approval for the rerouting and reconstruction of a portion of a 115 kV overhead transmission line (referred to as Line #28) (Minn. Stat. § 216E; Minn. Rules Chapter 7850.5300). The rerouting of Line #28 was necessary to allow Essar Steel Minnesota an unobstructed access to additional iron mining resources, i.e., to conduct open pit mining operations where a segment of Line #28 was located.<sup>3</sup> The proposed reroute of the 115kV line would parallel a proposed 230 kV overhead transmission line located on Essar Steel property and within the City of Nashwauk’s service territory.

On October 5, 2009, MP filed its Integrated Resource Plan (“IRP”) in Docket No. E-015/RP-09-1088. In the petition section *Current Outlook for Large Power Customers*, MP stated that the Essar Group was proceeding with construction for a steel slab facility. MP stated that the city of Nashwauk is responsible for the majority of retail service to this Essar plant since the operation would reside within the city’s service territory.<sup>4</sup>

On November 2, 2009, MP filed its application for a general electric rate increase (Docket No. E-015/GR-09-1151). On May 18, 2010, five of the seven parties to the case filed a Stipulation and Settlement Agreement resolving several major issues. The margin impact analysis filing requirement in the Stipulation and Settlement Agreement which could result in the reopening of the rate case is the issue before the Commission today.

## Rate Case Resolution Documents

### Commission Order issued November 2, 2010 in Docket No. E-015/GR-09-1151 (“Commission Order”)

In MP’s 2009 rate case, the final rate increase of about \$53.5 million to produce approximately \$661.8 million in jurisdictional revenue was determined in the Commission’s Order issued on November 2, 2010. [Ordering Paragraph 1]

The Stipulation and Settlement presented before the Commission resolved several major issues, including the following:

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<sup>3</sup> Minnesota Environmental Quality Board (EQB) Monitor, Vol. 33, No. 24, November 30, 2009, page 4.

<sup>4</sup> Minnesota Power’s most recent IRP was filed March 1, 2013, in Docket No. E-015/RP-13-53. In this petition, MP expected Essar to start production in late 2013. **MP identified that Essar, a new customer of the City of Nashwauk, was incorporated into MP’s 15 year forecast outlook and MP reflected this additional load in the Base Case of its current resource plan.**

- Test-year retail and wholesale margins;
- Jurisdictional allocations;
- Return on equity, capital structure, and cost of debt;
- Specific adjustments to the test-year operating and maintenance expense for Boswell generating units 3 and 4; and
- Test-year environmental retrofit costs for Boswell generating unit 3.

Although other issues were disputed, they were individually addressed and decided by the Commission.

With respect to the Stipulation and Settlement issues, the Commission concurred with the settling parties and the Administrative Law Judge that the settled issues were resolved within the zone of regulatory reasonableness, in a manner supported by substantial evidence, and on terms consistent with the public interest. Therefore, the Multi-Party Stipulation and Settlement was approved by the Commission. The Commission also clarified that any person or party that may participate in a rate case may file a rate-adjustment petition under the same terms and conditions applicable to the settling parties. [Ordering Paragraphs 5, 6 and 7]

The Commission Order has been included as a relevant document to this briefing paper. It is Section V of the Commission Order that summarizes the Settlement Agreement and party positions. For reference ease, a partial table of contents for Section V of the Commission Order titled “The Multi-Party Stipulation and Settlement” is provided here:

<b>Commission Order Issued November 2, 2010 in Docket No. E-015/GR-09-1151 (Partial Table of Contents)</b>		
<b>Order Section V - The Multi-Party Stipulation and Settlement</b>		
<b>Part</b>	<b>Description</b>	<b>Page</b>
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### **Stipulation and Settlement Agreement**

The June 23, 2010, Settlement Agreement consists of five Sections (or Paragraphs). The issues brought forth in the Department’s December 17, 2013, comments pertain to Settlement Agreement, Section 1.E (or Paragraph 1.E). Only Section 1 (or Paragraph 1) and all its subparts of the Settlement Agreement is included below. Please note that the narrative for several place held footnotes has been omitted here. Nonetheless, the entire Settlement Agreement, with all public footnotes’ narrative intact, has been included as an attachment to the briefing paper.

## 1. Retail and Wholesale Margins.

- A. The Settling Parties agree that Minnesota Power will realize test year margins from the Large Power class of \$139.6<sup>5</sup> million (or a \$24.4<sup>6</sup> million increase net of fuel and purchased energy costs over the amount originally identified by Minnesota Power in its initial testimony). The MWh amount listed on the attached exhibit for the LP class reflect these adjusted totals.
- B. The Settling Parties further agree that Minnesota Power will realize test year margins from the Residential/General Service/LLP classes at a combined \$159.3<sup>7</sup> million level (or a \$3.0 million increase net of fuel and purchased energy costs over the amount originally identified by Minnesota Power in its initial testimony). The MWh amounts listed on the attached exhibit for the residential, general service and LLP classes reflect these adjusted totals.
- C. In concert with these agreed increased retail margins, the Settling Parties stipulate that Minnesota Power will realize a decrease in test year wholesale margins to \$37.7<sup>8</sup> million (or a \$7.3 million reduction in the amount originally identified by Minnesota Power in its initial testimony). This reduction includes and incorporates an adjustment for the increase in Boswell 4 generation output of 48<sup>9</sup> MW.
- D. The Settling Parties further agree that as a result of the foregoing agreements on increased retail revenues, Minnesota Power's jurisdictional cost allocation must also be re-calculated, resulting in an additional allocation of \$11.5<sup>10</sup> million of the total MP revenue requirement to the retail jurisdiction.
- E. The Settling Parties also agree that future major changes in sales to Large Power customers may have significant impacts on the fairness of this settlement and on Minnesota Power's future profitability. Therefore, the Settling Parties further agree that:<sup>11</sup>
1. Minnesota Power shall file a Margin Impact Analysis with any new or amended Large Power Electric Service Agreement ("ESA") filing where the new or changed electric demand is 25<sup>12</sup> MW or greater, provided, however, that no Margin Impact Analysis shall be required in the event the collective nominations of Blandin Paper Company, Hibbing

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<sup>5</sup> Footnote omitted.

<sup>6</sup> Footnote omitted.

<sup>7</sup> Footnote omitted.

<sup>8</sup> Footnote omitted.

<sup>9</sup> Footnote omitted.

<sup>10</sup> Footnote omitted.

<sup>11</sup> This proposal is a refinement of the proposal in OES Witness Ms. Campbell's Direct Testimony, Page 53, Line 1 to Page 57, Line 11 and Surrebuttal Testimony, Page 36, Line 1 to Page 40, Line 2.

<sup>12</sup> Negotiated amount based on Large Power customer load size. This amount is significantly smaller than the size of MP's current LP customers. See Hearing Exhibit 49 (Podratz Trade Secret Rebuttal), Rebuttal Schedule 4, REVISED Schedule E-1, Page 31 of 50.

*Taconite, ArcelorMittal -Minorca, NewPage, USS, and United Taconite (“LP Nomination Level”) has averaged less than 596<sup>13</sup> MWs for the three nomination periods preceding the date of the ESA filing.*

- 2. For the purpose of this settlement, a Margin Impact Analysis shall be defined as a set of calculations designed to: (a) delineate the net impact of the proposed new or amended Large Power ESA on Minnesota Power’s margins as explained more fully on subparagraph below 3 below; (b) provide an update to the end of the last preceding calendar year showing actual margins for that year as compared to the amounts agreed upon in this settlement; and (c) show how such new or amended ESA will impact Minnesota Power’s last reported and next projected return on equity levels as reported in the Company’s most recently filed Annual Jurisdictional Report.*
  - 3. The Margin Impact Analysis must include detailed information about the amount of power to be purchased by the new or existing customer, gross retail margins resulting from providing service to such customer, and the decrease in wholesale margins necessitated to make this additional retail sale. Further, the rate design and cost of capital used in the Margin Impact Analysis shall be the same as set by the Commission in this rate case. Thus, the Settling Parties intend that the only changes reflected in the Margin Impact Analysis would be to retail margins, wholesale margins, and any significant and reasonable changes in incremental costs (excluding fuel and purchased power costs) attributable to serving any new Large Power customer, to the extent such costs are not offset by revenue contributions from the new or expanded customer. The burden is on Minnesota Power to show that any such changes in incremental costs are not only incremental, but also reasonable and net of all additional margins.*
  - 4. The Settling Parties further agree that, predicated upon the Margin Impact Analysis and any other facts deemed relevant at the time, any party to this settlement may, in lieu of requesting the filing of a new general rate case proceeding, petition the Commission for an adjustment to Minnesota Power’s retail rate levels. Each of the Settling Parties agrees not to contest such a petition on the grounds that single issue ratemaking is not lawful.*
- F. Minnesota Power further agrees that it will not file a new rate proceeding based solely on loss of overall Large Power load until the overall load loss exceeds 10% or LP Nominations fall below 596 MW for greater than one year. The language in the preceding sentence does not prohibit Minnesota Power from filing a new rate proceeding immediately based on the shutdown or closure of a single Large Power customer.*

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<sup>13</sup> Footnote omitted.



*G. The Settling Parties agree that this Paragraph 1 of this Stipulation and Settlement Agreement is subject to a condition subsequent for the benefit of all Settling Parties. That condition subsequent will either have been satisfied or not before the Commission makes its determination in this case. That condition subsequent is that by August 2, 2010 the LP Nomination Level shall be 662 MW or higher.*

## **Department - Comments**

On December 17, 2013, the Department filed comments related to the June 23, 2010, Settlement Agreement to Docket No. E-015/GR-09-1151 (“2009 rate case”). The Department’s comments primarily pertained to the Margin Impact Analysis requirement of the Settlement Agreement, specifically, the Section 1 paragraphs inserted into the Stipulation and Settlement Agreement section of this briefing paper (above).

### **Background to Settlement Agreement**

The Department explained that the circumstances at the time of MP’s 2009 rate case (filed November 2, 2009), i.e. MP was experiencing significant fluctuations in retail and wholesale revenues due to the economy, lead to the unusual settlement agreement.

The Department stated that utilities such as MP operate their facilities as a system, and pointed out that the same facilities are used to serve retail and wholesale customers. Therefore, when retail customers pay for all or most of the facilities, it is necessary for wholesale revenues to offset the amounts charged in retail rates.

The Department noted that due to the large fluctuations in sales at the time of MP’s 2009 rate case, this relationship between retail and wholesale revenues was not stable and was a key factor behind the need for the settlement agreement to ensure that retail rates set in MP’s rate case for industrial, commercial and residential customers were reasonable.

The Department explained that several large power customers were expected to be added to MP’s system at the time of the 2009 rate case, so it was important to capture the additional revenues and the directly related incremental costs associated if those customers were added prior to MP’s subsequent rate case. Failure to do so would have meant that MP could have over-recovered its costs by charging retail ratepayers too much and keeping the higher revenues for shareholders. Therefore, in MP’s 2009 rate case, the Department discussed a limited reopener alternative, via a margin impact analysis, because of its concern about future significant, new large power customers being served by MP. These anticipated additions could materially affect MP’s revenue, costs, and earnings.

### **Department Analysis**

The Department stated that MP has not filed a retail Large Power Electric Service Agreement (“ESA”) that is 25 MW or greater such that it would trigger the Margin Impact Analysis since its

2009 rate case. However, MP does have a large wholesale customer, the City of Nashwauk, which buys power from MP on behalf of its customer, Essar Steel. The Department conducted an analysis to determine whether the wholesale customer, Nashwauk, could cause the Margin Impact Analysis to be triggered. The Department constructed and evaluated the following questions:

- Does the Margin Impact Analysis apply to MP's service to wholesale customers or is it limited to retail customers only?
- Has any customer met the 25 MW threshold criteria?
- What is the level of demand/capacity associated with MP's wholesale customer, Nashwauk, which purchases power on behalf of its retail customer, Essar?
- Have other requirements of the Margin Impact Analysis been met?
- How do MP's margins and return on equity (ROE) levels approved in MP's last rate case compare to MP's margins and ROE levels for the years 2010 to 2012?

Each of the above questions is discussed in turn.

1. Does the Margin Impact Analysis apply to MP's service to wholesale customers or is it limited to retail customers only?

The Department believed the Margin Impact Analysis does apply to wholesale customers based upon the following reasoning.

The Department recognized that Essar is a retail customer of Nashwauk, but emphasized that MP's system must be able serve the requirements of the City, including Essar's. The Department stated that MP, the City and Essar are parties to a three-party supply contract.

The Department pointed to the following introductory statement in the Settlement Agreement, Paragraph 1.E, as an important summary as to why Settling Parties entered into this agreement:

*E. "The Settling Parties also agree that future major changes in sales to Large Power customers may have significant impacts on the fairness of this settlement and on Minnesota Power's future profitability."*

Consequently, the Department believed that the [forthcoming] addition of Nashwauk/Essar appears to meet the concern that Settling Parties were trying to address, namely to ensure fairness in rates if a large power customer such as Essar decided to proceed with an expansion project that adds a significant amount of load to MP's system. The Department expressed that the Commission must not be precluded from examining the effects of significant increases in MP's load.

Second, the Department stated while there is reference to a Large Power Electric Service Agreement or ESA in Paragraph 1.E.1 of the June 23, 2010 Settlement, that statement does not use the term “retail” or “wholesale” to distinguish one type of ESA from another.

Third, the Department concluded that the language in the Settlement Agreement, Paragraph 1.E.3, does not limit the applicability of the settlement to retail additions only, but instead may apply to any addition that may affect retail and wholesale margins, such as a Large Power customer that is largely taking power from MP through a third party such as Nashwauk. Key to its analysis, the Department’s understanding is that Nashwauk does not have sufficient – if any – extra energy to serve Essar and, hence, it is MP that is providing the new energy to Essar through Nashwauk.

Fourth, the Department stated that MP was aware of [economic] developments in its area, such as Essar’s plans, at the time the Settlement Agreement was being discussed and approved, yet MP chose not to share this information at the time when settlement was being developed, thus having the effect of charging retail customers more than their share of costs.

In conclusion, the Department believed that language in the June 23, 2010 Settlement supports application of the Margin Impact Analysis for both a Large Power retail and wholesale customer, such as Essar/Nashwauk. However, since no customer to date has yet exceeded the 25 MW threshold that would initiate use of the reopener and resulting margin impact analysis, the Department does not recommend use of the reopener at this time.

The Department noted that the Commission does not need to decide at this time if a wholesale customer triggers the Margin Impact Analysis filing requirement and the possible reopening of the rate case, but instead could wait until such time when Essar or another customer exceeds the 25 MW threshold, if such an event occurs before MP files its next rate case. However, the Department indicated that it would appreciate any guidance the Commission would like to offer on the issues identified in these comments.

2. Has any customer met the 25 MW threshold criteria?

The Department identified that paragraph 1.E.1 of the Settlement Agreement discusses the 25 MW threshold criteria. According to MP’s responses to the Department’s information requests, no retail or wholesale customer has exceeded the 25 MW threshold criteria.

3. What is the level of demand/capacity associated with MP’s wholesale customer, Nashwauk, which purchases power on behalf of its retail customer, Essar?

The Department calculated that the City of Nashwauk’s average monthly demand through July 2013 was less than 2 MW, based upon MP’s response to information requests.

The Department proceeded to ascertain when the Nashwauk/Essar customer would likely reach the 25 MW threshold established in the Settlement Agreement (for the Margin Impact Analysis). The Department reviewed several contract agreements, including the trade secret Market Based Electric Service Agreement (“MBESA”) between MP and Nashwauk, via an *in camera* review

appointment at the offices of a local law firm. In its review of the MBESA, the Department noted that the contract's definition of the term "Start-Up Period" suggested that a more significant relationship existed between MP and Essar than would typically exist between MP and a retail customer to MP's wholesale clients.<sup>14</sup>

Through its review of electric service agreements ("ESAs"), the Department learned that Essar's specific contracted demand information sought could be in a document referred to as the Large Industrial Service Agreement ("LISA"). LISA is a contract between Nashwauk Public Utilities Commission and Essar Steel Minnesota LLC. Although the Department requested a copy of the trade secret Large Industrial Service Agreement ("LISA"), MP indicated it was only authorized by contracting parties to provide a public version of the LISA.<sup>15</sup> However the reviewed public version of the LISA did not reveal the demand information sought because that information was redacted.<sup>16</sup>

In the future, the Department believed that MP should be required to provide the trade secret Large Industrial Service Agreement between Nashwauk and Essar, so that the Department and Commission may determine when this customer Nashwauk/Essar customer will likely reach the 25 MW trigger for the Margin Impact Analysis. If MP continues to object to providing information regarding the amount of demand on its system due to Essar Steel, the Department intends to bring this issue back to the Commission to decide, as may be appropriate.

The Department conducted further research of published articles, Essar Resources' website, and reflected upon the trade secret information in the Market Based Electric Service Agreement ("MBESA") between MP and the City. The Department extracted the following public information: Essar, a customer of the City, is expected to open the plant in the latter half of 2014; that the expected demand of the Essar plant is 110 MW at full production; and, that MP has a 12-year agreement to meet all of Nashwauk's electric requirements through June 30, 2024.<sup>17</sup>

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<sup>14</sup> Department Comments, page 9. Modified quote: "Start-Up Period" – such time as Nashwauk's retail customer, Essar, achieves a measured demand of [TRADE SECRET], or [TRADE SECRET], or some later date determined at the sole discretion of Minnesota Power.

<sup>15</sup> Page 11 of the Department's comments listed all agreements between and among MP, Nashwauk and Essar. The Department requested copies of the listed agreements, and for any document not provided, requested MP to explain the legal basis that the document was withheld.<sup>15</sup> MP provided the following response in DOC Information Request 1125:

*The remaining agreements that have not been disclosed by Minnesota Power have been withheld from submission and review on the basis that 1) their content is outside the scope of the Department's inquiry into the effects of the Margin Impact Analysis and are unrelated to the issue of Minnesota Power's retail rates established in this Docket; and 2) the counterparties to these agreements question the jurisdictional basis or right that the Department has to review such agreements, and as a result have not consented to disclosure. As a result, Minnesota Power is not authorized to provide copies of those agreements.*

<sup>16</sup> Public version of LISA was provided in response to DOC Information Request 1121, included in Attachment 3 to Department Comments issued December 17, 2013, on approximately unnumbered page 34 to the Attachment 3.

<sup>17</sup> Attachment 1 to Department Comments issued December 17, 2013.

Based on the newspaper articles, Essar Resources' website and the MBESA, the Department believed that Nashwauk/Essar may exceed the 25 MW threshold by the second half of 2014. Relying on these information sources and depending on how late in 2014 Essar is at the higher 110 MW level, the Department believed it will be in 2014 or 2015 when MP may see a material financial gain that will warrant considering the use of the reopener tool and Margin Impact Analysis as approved in the June 23, 2010 Settlement.

The Department concluded that MP's Nashwauk/Essar customer has not yet exceeded the 25 MW threshold based on the limited information available or provided.

Regarding its pursuit of obtaining information directly from MP, the Department expressed concern that MP has not provided the wholesale information that the Department and Commission may need later in this proceeding, or may need in future rate recovery mechanisms, to ensure that retail rates are reasonable (especially allocations between retail and wholesale). The Department emphasized that the basis for the Department and Commission to receive the information requested in this inquiry is generally related to the Commission's authority to set just and reasonable retail rates, and to its responsibilities regarding integrated resource planning to ensure adequate system resources.

The Department deferred to the Commission regarding whether the [Essar load] information provided in these comments is sufficient at this time, or whether the Commission should require MP to provide the trade secret LISA under the protections of the Minnesota Government Data Practices Act, as may be appropriate. While the Commission may decide that it is not necessary for MP to provide the information immediately, the Department stated that the information about increased load from Nashwauk will be needed sooner rather than later.

4. Have other requirements of the Margin Impact Analysis been met?

The Department explained that in addition to the requirement that a new or amended Large Power customer contract must be 25 MW or greater to meet the reopener requirement, other Settlement Agreement provisions (described in its paragraphs 1.E.1 and 1.G) must also be met.

Through discovery, the Department concluded that nomination levels specified in these provisions of the Settlement Agreement have been met, specifically: (1) the Department found that the collective nomination levels of certain large power customers have been at the 660 MW level for all months April 2010 through December 2013 [satisfying Paragraph 1.E.1]; and (2) the Department found that MP's nominations were at the 662 MW level beginning May 2010 and continued to be at the 662 MW, or higher, for the rest of 2010 [satisfying Paragraph 1.G].

5. How do MP's margins and return on equity ("ROE") levels approved in MP's last rate case compare to MP's margins and ROE levels for the years 2010 to 2012?

First, the Department requested MP to provide the Settlement Agreement margins based on final rates, and the actuals margins for 2010 through 2012 [Settlement Agreement Paragraph 1.E.2(b)]. In comments, the Department provided the margin data as Table 1, included below:

**Table 1: Comparison of MP's Margins in Millions**

	<u>Final Rates Excluding CPA<sup>18</sup></u>	<u>2010 Actual Margins</u>	<u>2011 Actual Margins</u>	<u>2012 Actual Margins</u>
Large Power Margins	\$175.8	\$167.2	\$184.4	\$191.6
Residential General Service Large Light & Power Margins	\$170.4	\$174.9	\$173.4	\$168.1
Wholesale/ Off-System Sales Margins	<u>\$37.7</u>	<u>\$33.9</u>	<u>\$31.1</u>	<u>\$29.5</u>
<b>Total Margins</b>	<b>\$383.9</b>	<b>\$376.0</b>	<b>\$388.9</b>	<b>\$389.2</b>

The Department observed that the margins have been fairly consistent and concluded that it was premature to support a reopener since there has been no significant increase in margins at this time.

Second, the Department requested information regarding MP's return on equity ("ROE") levels. In response, MP referred to its Jurisdictional Annual Reports and reported MP's ROE as follows:

MP's Authorized ROE	10.38%
MP's 2010 Actual ROE	9.49%
MP's 2011 Actual ROE	10.17%
MP's 2012 Actual ROE	7.46%

The Department indicated that MP expressed concern about the Company's under earnings and its intent to evaluate the timing of its next rate case. The Department's comments cautioned that MP's reported ROE's have not been audited by regulators. The Department also pointed out that even if the ROE figures are correct, the authorized ROE is not a guaranteed return.

<sup>18</sup> According to MP, Conservation Program Adjustment ("CPA") revenue had a separate recovery mechanism outside of base rates; therefore, the CPA revenue amount should be excluded. The Department agreed CPA revenue exclusion is appropriate for this analysis.

Moreover, the Department emphasized that MP does not weather normalize its sales revenue, which may cause MP's ROE results to appear skewed when compared to a weather-normalized authorized ROE. For these reasons, the Department recommended that MP should provide weather-normalized sales revenue for their ROE calculation beginning with its 2013 Minnesota Jurisdictional Report to allow for a more apples-to-apples comparison of their rate case authorized ROE.

With regard to ROE, the Department believes it would be premature for the Commission to reopen the rate case at this time based on the Department's limited ROE review. The Department concluded that there does not appear to be an increase in the ROE at this time, based on unaudited data.

Comparing year-to-year margin and ROE results, the Department noted that despite a similar margin reported in 2012, as compared to 2011, MP reported a lower ROE in 2012. The Department conducted a limited review comparing MP's 2011 and 2012 Jurisdictional Annual Report and found two expense increases that likely contributed to the lower ROE in 2012. The Department stated it will continue to monitor MP's operating and maintenance expenses in 2013 and 2014 to see if the noted 2012 expense increases are ongoing increases or one-time fluctuations.

### **Department Summary and Recommendations**

It is the Department's belief that language in the June 23, 2010 Settlement supports application of the Margin Impact Analysis for both a retail and wholesale Large Power customer, such as Nashwauk/Essar.

However, the Department indicated that the Commission need not decide at this time whether a wholesale customer triggers the reopener and Margin Impact Analysis; but instead wait until such time when Essar or another customer exceeds the 25 MW threshold, and it appears MP's margins and ROE are sufficiently high to warrant a reopener to evaluate a possible change in rates.

The Department believed that MP should be required to provide the trade secret version of the Large Industrial Service Agreement between Nashwauk and Essar in order to determine when this Nashwauk/Essar customer will reach the 25 MW trigger for the Margin Impact Analysis. Based upon the available information it reviewed, the Department anticipated it will be in 2014 or 2015, dependent upon the progression of the Nashwauk/Essar customer operations coming online, when MP may see a material financial gain that would warrant use of the reopener tool and Margin Impact Analysis approved in the Settlement Agreement.

The Department recommended that MP should provide weather-normalized sales revenue for their ROE calculation beginning with its 2013 Minnesota Jurisdictional Report to allow for a more apples-to-apples comparison of their rate case authorized ROE.

The Department recommended that MP support its continued designation of trade secret for the information included in these comments, since [certain] designated trade secret data is similar to

the information provided in publicly available resources, such as newspapers and websites as noted in these comments.

The Department stated that it is premature to support a reopener based on its limited, unaudited ROE review, since the 25-MW threshold has not been met and there does not appear to be an increase in the ROE at this time.

## Minnesota Power - Reply Comments

On January 22, 2014, MP filed reply comments. MP stated no Commission action is necessary at this time because none of the issues raised by the Department qualify for analysis under the Settlement Agreement. MP also pointed out that these issues with respect to the wholesale electric service agreement with the City of Nashwauk, or Nashwauk's retail customer – Essar Steel Minnesota, are not Commission jurisdictional.

According to MP, Essar is a retail customer of the City.<sup>19</sup> The majority of Essar's plant operations and electric load connects are within the City's service territory.<sup>20</sup> MP stated while it had sought to acquire Essar as a retail customer, the City retained its service territory authority and chose to provide retail electric service itself. The City entered into a new wholesale electric service agreement with MP to facilitate the City's service to a high-level energy customer.

MP believed the Department's motive for attempting to rewrite the Settlement Agreement is because the Department considered the arrangements to provide power to Essar Steel highly unusual. MP stated any such suspicion is unfounded for the following fact-based reasons:

- MP had no control over Essar's location within the City's service territory. MP has had a long-standing wholesale electric supply agreement with Nashwauk.
- The Company stated that the City drew upon MP's experience serving large industrial customers and requested MP to consult and provide services to the City in areas that Nashwauk lacked both in experience and capability to undertake.
- MP agreed with the Department that there are no meaningful revenues attributed to Essar operations, nor does MP expect any in the next year.
- MP stated that the basis for MP and Essar Steel contractual arrangements was because Essar required the building of high-voltage transmission facilities to meet operation requirements.<sup>21</sup> MP stated that Facility Construction Agreements ("FCA")

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<sup>19</sup> MP stated that a very small portion of Essar's operation – less than 2,000 kW of annual demand – is located in Minnesota Power's retail service territory.

<sup>20</sup> The Nashwauk and Lake Country Power service territory agreement was approved by the MPUC in an Order dated May 25, 2007 in Docket No. E-106, 280/SA-107-351.

<sup>21</sup> The route permit for these transmission facilities was approved by the Commission on July 29, 2010 in MPUC Docket No. E-280/TL-09-512.



are typical in the MISO<sup>22</sup> footprint between host utilities and entities with significant power requirements.

- MP also stated that it was public knowledge that Essar would be located within Nashwauk's service territory at the time the Settlement Agreement was entered into.

MP emphasized that the Settlement Agreement relates solely to fluctuations in Minnesota Power's retail rates, and is triggered only by Large Power revenue changes. MP reasoned that just because Essar would be a Large Power customer were it served by MP, does not mean the Settlement Agreement Terms are triggered. MP stated that Essar Steel is not a retail customer of Minnesota Power at a connected load requirement of 10 MW or more, and that alone disqualifies any Essar revenues from analysis under the margin impact analysis. MP further offered that the term "Large Power" is a defined term in Minnesota Power's filed rates with the Commission, and it refers specifically to retail customers. Therefore, MP concluded that no further inquiry is necessary.

The Company maintained that the Department should not be allowed to expand the parameters of the Settlement Agreement and the margin impact analysis simply because it sees potential large revenues from the Essar Steel project in northern Minnesota.

With respect to certain non-public or trade secret information being withheld [i.e., LISA], MP indicated it facilitated review as much as it could in this inquiry. MP reasoned that the trade secret information disclosure was not necessary for purposes of this docket. However, MP agreed with the Department that its disclosure may be required in future rate proceedings or resource plan analysis.

## Staff Analysis

The status of the Essar Steel project receives ongoing attention from the local media. Two articles have recently appeared in the Duluth and Minneapolis newspapers since the parties filed their comments. It now appears the Essar project may be delayed until 2015 because of financing problems. Please see "Nashwauk taconite plant left hanging by money woes", Minneapolis Star Tribune, March 19, 2014 (<http://www.startribune.com/business/250894921.html>), and "Cash woes linger for Essar Steel project", Duluth News Tribune, March 4, 2014 (<http://www.duluthnewstribune.com/content/cash-woes-linger-essar-steel-project>).

Staff believes a general review of the term "wholesale sales", reflected in parts of the Settlement Agreement, and also an overview of the underlying case testimony from which the Settlement Agreement was produced, may be helpful to the Commission in its contemplation of the issue. In addition, staff includes a brief summary of the OAG's 2010 position on this matter in the rate case for informational purposes.

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<sup>22</sup> Midcontinent Independent System Operator.

## Wholesale Sales – Distinction & Settlement Paragraphs 1.C and 1.D

### *a. Distinction*

The Company's wholesale electric sales are distinguished as either, (i) sale of electric energy to any person for resale sales, therefore, subject to Federal Energy Regulatory Commission ("FERC") rate regulation, (i.e., MP's full requirements service to "sales for resale" municipal customers), or (ii) Minnesota-jurisdictional<sup>23</sup> short and medium term bulk power sales (MISO market sales) – the sale of excess generation from ratepayer-designated resources. Reflecting upon this distinction may be helpful when reviewing the Settlement Agreement.

### *b. Settlement Paragraph 1.C – Jurisdictional Wholesale*

The Settlement Agreement, Paragraph 1.C, resolved the revenue dollar amount of jurisdictional asset-based<sup>24</sup> wholesale sales to be included in Other Operating Revenue when determining the Company's base rates. The wholesale margin value of \$37.7 million stated within the paragraph is annotated with footnote 4, which reads,

“Average of OES Nancy Campbell Surrebuttal \$40.2 million (Page 49, Line 6) and [MP Witness] Peter Seeling Rebuttal \$35.2 million (Page 3, Line 17)”.

These referenced testimony sections are addressing Minnesota-jurisdictional asset-based wholesale margins. In determining the appropriate sales forecast, staff believes it is important to note that both MP and the Department were in agreement about the relationship, that jurisdictional wholesale sales should have a downward adjustment, if MP's retail customer sales increase.

### *c. Settlement Paragraph 1.D – Non-jurisdictional Wholesale*

The Settlement Agreement, Paragraph 1.D, addressed the shift of more costs to Minnesota jurisdiction. This particular settlement resolution adjusted the amount of resource and operational costs split between Minnesota jurisdictional (inclusive of residential, general, retail large power and jurisdictional wholesale activity) and MP's non-jurisdictional service (FERC wholesale). The stated \$11.5 million increased revenue requirement resulted from revisions to the cost of service allocation factors that were impacted by the proposed increase in sales (over initial proposal) brought forth in the Company's rebuttal testimony.<sup>25</sup>

### *d. Wholesale Activity Observations*

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<sup>23</sup> These market transactions still fall under FERC jurisdiction because they are channeled through MISO; however, the costs and recovery of the revenue from this activity, i.e. how it is reflected in MP's revenue requirement calculations, is under Minnesota jurisdiction.

<sup>24</sup> Asset-based wholesale margins are wholesale transactions sourced from Minnesota Power generating unit energy, specifically, energy produced from generation facilities included in rate base paid for by ratepayers.

<sup>25</sup> Hearing Exhibits 21, pp. 10-17, and Exhibit 41, p. 11, to Docket No. E-015/GR-09-1151.

It was noted earlier that MP credits to ratepayers the jurisdictional asset-based wholesale sale margins through base rates. For clarification, staff believes it is important to point out that *how* these margins are credited to ratepayers is not uniform across utilities. Other jurisdictional utilities credit asset-based wholesale margins to ratepayers through their fuel clause adjustment, a more dynamic and regularly adjusted rate, which changes independently of a rate case filing. Therefore, the method a utility uses to credit asset-based wholesale margins is important to consider in order to assess the timing of any impact to ratepayer credits should a utility shift more resources to its non-jurisdictional operations.

With respect to MP's potential increased sales to Nashwauk/Essar, this increased load could reduce the amount of available generation currently offered and sold into the MISO market, which consequently could reduce the amount of jurisdictional wholesale revenues. However, because MP sets jurisdictional asset-based wholesale revenue in base rates, this potential reduction to ratepayer credits (Other Operating Revenue) would not be reflected until MP files its next base rate case. Likewise, a corresponding shift in resource allocation between non-jurisdictional and jurisdictional operations would not be reflected in base rates immediately, but would also be anticipated in the next rate case, assuming all other things remain unchanged.

With the approach where the utility credits asset-based wholesale margins to ratepayers through a fuel clause rider, increased non-jurisdictional sales that direct more of the utility's rate base resources to support a non-jurisdictional customer, would impact ratepayer's negatively more immediately, if cost recovery of the resources (that now support a non-jurisdictional customer's increased requirements) continued to be recovered from ratepayers. In this situation, cost recovery of rate base resources factored into base rates would not change, yet ratepayer credits through the regularly adjusted fuel clause rider, could be reduced due to decrease in available jurisdictional wholesale sales.

However, because MP's asset-based margins are built into its base rates, any likely reductions in MP's asset-based margins due to possible increased operations to serve Nashwauk may not impact ratepayers until MP's next rate filing. Similarly, and important to note, any changes in resource utilizations (cost allocations that may impact ratepayers) between jurisdictional and non-jurisdictional operations, would not be reflected until MP's next rate filing.

### **Review of Underlying Documents to Settlement Agreement, Paragraph 1.E**

The Settlement Agreement, introduction to Paragraph 1.E is notated with footnote 7, which reads as follows:

This proposal is a refinement of the proposal in OES Witness Ms. Campbell's Direct Testimony<sup>26</sup>, Page 53, Line 1 to Page 57, Line 11 and [her] Surrebuttal Testimony<sup>27</sup>, Page 36, Line 1 to page 40, Line 2.

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<sup>26</sup> Hearing Exhibit 92 to Docket No. E-015/GR-09-1151.

<sup>27</sup> Hearing Exhibit 96 to Docket No. E-015/GR-09-1151.

Staff believes consideration of the Settlement Agreement's underlying documents may be helpful for the Commission to review. The above referenced pages of identified testimonies are included as an attachment to the briefing paper. Some portions of this case testimony are highlighted next.

In its direct testimony, the Department provided documentation that indicated MP had potential Large Power customers that could increase its sales, thus DOC proposed a limited rate adjustment option and recommended the following:

I [Department witness Nancy Campbell] recommend that, if there are specific changes pertaining to MP's large customers, MP's rates should be adjusted as needed to reflect the net increase in retail revenues and net decreases in wholesale revenues.[Campbell Direct, p. 54, ln. 21- p. 55, ln. 2]

I [Department witness Nancy Campbell] recommend that the Commission adjust MP's rates to reflect increases in retail revenues and decreases in wholesale revenues due to any of the following events: 1) a new large customer is added to MP's system, 2) a previously idled large customer returns to MP's system, or 3) an existing large customer increases production significantly. [Campbell Direct, p. 55 lns. 5-8]

If any of the above events occurs, MP would be required to make a limited rate adjustment filing providing the nomination of the new or existing customer. MP would also be required to include the resulting gross revenues added by such a customer, the resulting decrease in wholesale revenues, and any associated incremental costs and the resulting net income impact, including all supporting calculations. [Campbell Direct, p. 56, lns. 3-7]

In response to the Department-crafted question "Does this proposal include increases in revenues for **other retail** customers?" [emphasis added] [Campbell Direct, p.56, ln. 9], the Department answered:

No. The goal of this approach is to adjust rates only for the effects of increases in sales and revenues to MP's large customers, due to the significant effects of swings in sales to these customers on MP's rates. [Campbell Direct, p.56, lns. 10-12]

In response to MP's rebuttal criticism that the Department did not define "significant" increase, the Department's surrebuttal testimony offered a more definitive measure as follows:

Since no party attempted to define "significant", I [Department witness Nancy Campbell] offer 10 MW as a level that constitutes a "significant" increase in production. [Campbell Surrebuttal, p.38, ln. 1-3]

DOC's surrebuttal summary of its overall recommendation stated:

I [Department witness Nancy Campbell] recommend that either a nomination that increases/decreases by 10 MW or a new/modified contract could be the trigger for requiring a reopener to look at MP's rates limited to this new customer. MP would be required to file pro-forma financials showing the impact on revenues as a result of the new/modified contract along with the corresponding impact on wholesale margins, and potentially any significant and reasonable changes in incremental costs to serve the new customer, assuming such costs are offset by added revenues. The rate design and cost of capital should not be changed but would remain as determined in this rate case. [Campbell Surrebuttal, p. 39, ln. 17 – p. 40, ln 2]

According to the Settlement Agreement, at page 2, footnote 8, negotiations settled the threshold load amount to be 25 MW.

### **The OAG's Position in 2010**

Staff was informed that the OAG is monitoring the recent exchange of comments in this docket regarding the applicability of the Essar load increase serviced through the City of Nashwauk. It is uncertain whether OAG will submit comments on this subject. Therefore, staff has included a brief overview of the OAG's position from 2010, at the time the Settlement Agreement was being considered, for informational purposes.

The Office of the Attorney General – Residential and Small Business Utilities Division recommended rejection of the Stipulation and Settlement Agreement. The OAG initial brief, filed June 21, 2010, summarized OAG's concern about the settlement permitting single-issue ratemaking, as well its concern about the jurisdictional and non-jurisdictional allocations. The OAG's allocation concerns/issues were presented in the terms related to rate of return and the possibility of MP achieving over-earning from its FERC-jurisdictional wholesale operations due to cost shifting, as well as, the proposed treatment of wholesale asset based margin revenues. The ALJ's August 17, 2010, Findings 77 – 81 summarized OAG's concern and decided there was a lack of basis for rejecting the settlement provision.

### **Decision Alternatives**

1. Take no action at this time with respect to reopening Minnesota Power's 2009 rate case pursuant to the June 23, 2010 Multi-Party Stipulation and Settlement. [MP, DOC]
2. Guidance requested by the Department of Commerce on whether the addition of load from Essar Steel behind the City of Nashwauk's distribution system would qualify as a trigger or threshold event that would require a margin impact analysis and possibly a reopening of Minnesota Power's 2009 rate case pursuant to the June 23, 2010 Multi-Party Stipulation and Settlement.
  - a. Decide that Minnesota Power (MP) should file a Margin Impact Analysis when MP's increased service to the City of Nashwauk, resulting from Essar Steel

Minnesota, LLC, operations, reaches or exceeds the 25 MegaWatt threshold specified in the Settlement Agreement filed with the Commission on June 23, 2010; or

- b. Decide that Minnesota Power (MP) is not required to file a Margin Impact Analysis when MP's increased service to the City of Nashwauk, resulting from Essar Steel Minnesota, LLC, operations, reaches or exceeds the 25 MegaWatt demand threshold specified in the Settlement Agreement filed with the Commission on June 23, 2010; or
- c. Decide that, if warranted, the Department should pursue its interest in reopening the Minnesota Power's 2009 rate case by filing a motion pursuant Minn. Stat. § 216B.25;<sup>28</sup> or
- d. Decide that if warranted, the Department should pursue its interest in the reasonableness of Minnesota Power's earnings, by filing a complaint, pursuant to Minn. Stat. § 216B.17 (Complaint Investigation And Hearing) and request either an investigation under Minn. Stat. § 216B.17, subd. 1,<sup>29</sup> or a summary investigation under Minn. Stat. § 216B.21,<sup>30</sup> to determine whether further action is indication under Minn. Stat. § 216B.17, subd. 8;<sup>31</sup> or

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<sup>28</sup> Minn. Stat. § 216B.25. Further Action On Previous Order. The commission may at any time, on its own motion or upon motion of an interested party, and upon notice to the public utility and after opportunity to be heard, rescind, alter, or amend any order fixing rates, tolls, charges, or schedules, or any other order made by the commission, and may reopen any case following the issuance of an order therein, for the taking of further evidence or for any other reason. Any order rescinding, altering, amending, or reopening a prior order shall have the same effect as an original order.

<sup>29</sup> Minn. Stat. § 216B.17, subd. 1. Complaint Investigation And Hearing. Investigation. On its own motion or upon a complaint made against any public utility, by the governing body of any political subdivision, by another public utility, by the department, or by any 50 consumers of the particular utility that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting or relating to the production, transmission, delivery, or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

<sup>30</sup> Minn. Stat. § 216B.21. Summary Investigation. Subdivision 1. Authority. Whenever the commission has reason to believe that any rate or charge may be unreasonable or unjustly discriminatory or that any service is inadequate or cannot be obtained or that an investigation of any matter relating to any public utility should for any reason be made, it may on its own motion summarily investigate the same with or without notice. Subd. 2. Formal hearing. If, after making the summary investigation, the commission becomes satisfied that sufficient grounds exist to warrant a formal hearing being ordered as to the matters investigated, it shall set a time and place for a hearing. Subd. 3. Notice. Notice of the time and place for the hearing shall be made as provided in sections 216B.17 and 216B.18.

<sup>31</sup> Minn. Stat. § 216B.17, subd. 8. Complaint Investigation And Hearing. Further action by commission. If after making an investigation under subdivision 1 and holding a hearing under this section, the commission finds that all significant factual issues raised have not been resolved to its satisfaction: (1) for investigations concerning the reasonableness of rates of a public utility, if the commission is unable to resolve the complaint with the utility, the commission may order the utility to initiate a rate proceeding under section 216B.16, provided, however, that the utility must be allowed at least 120 days after the date of the commission's order to initiate the proceeding; and (2) for investigations of other matters, the commission shall order that a contested case proceeding be conducted under chapter 14.

- e. Do not provide the guidance requested by the Department.
3. Require Minnesota Power to submit a public and non-public copy of the executed Large Industrial Service Agreement (LISA) between the City of Nashwauk (and/or its municipal utility) and Essar Steel. [DOC]
4. Require Minnesota Power to provide weather-normalized sales revenue for its return on equity calculation beginning with its calendar-year 2013 Minnesota Annual Jurisdictional Report which will be filed on or before May 1, 2014, in Docket No. E,G-999/PR-14-4, pursuant to Minn. Rules, parts 7825.3800 to 7825.5400. Require Minnesota Power to provide weather-normalized sales revenue for its return on equity calculation in all future Minnesota Annual Jurisdictional Reports. Require Minnesota Power to use the weather-normalized term approved in the Company's most recent rate case for the requested weather-normalized sales revenue reporting. [DOC]
5. Require Minnesota Power to submit a compliance filing within 20 days that explains and supports Minnesota Power's claim that the non-public information included in the Department's comments and designated by MP as such, should remain non-public when the information designated non-public is similar to information available publicly in newspapers and on the internet. [DOC]