

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of Minnesota Power’s Revised
Petition for a Competitive Rate for Energy-
Intensive Trade-Exposed (EITE) Customers
and an EITE Cost Recovery Rider

ISSUE DATE: June 30, 2020

DOCKET NO. E-015/M-16-564

In the Matter of the Application of Minnesota
Power for Authority to Increase Electric
Service Rates in Minnesota

DOCKET NO. E-015/GR-19-442

In the Matter of the Emergency Petition of
Minnesota Power for Approval to Move
Asset-Based Wholesale Sales Credits to the
Fuel Adjustment Clause and Resolve Rate
Case

DOCKET NO. E-015/M-20-429

INITIAL ORDER APPROVING
PETITION AND RESOLVING RATE
CASE WITH CONDITIONS

PROCEDURAL HISTORY

On December 21, 2016, the Commission issued its first order in the Commission’s docket addressing the needs of energy-intensive trade-exposed (EITE) customers under Minn. Stat. § 216B.1696 (the EITE Docket).¹ The order authorized Minnesota Power (the Company) to offer a four-year rate discount to certain large industrial customers or large commercial customers that expend at least ten percent of their budget on electricity and are subject to global competition.

On February 1, 2017, Minnesota Power implemented its new EITE rate discount—thereby establishing February 1, 2021, as the date the discount would end.

On March 12, 2018, the Commission issued an order setting rates in Minnesota Power’s 2016 rate case (the 2016 Rate Case).²

¹ *In the Matter of Minnesota Power’s Revised Petition for a Competitive Rate for Energy-Intensive Trade-Exposed (EITE) Customers and an EITE Cost Recovery Rider*, Docket No. E-015/M-16-564 (EITE Docket), Order Approving EITE Rate, Establishing Cost Recovery Proceeding, and Requiring Additional Filings (December 21, 2016); *see also* Order Authorizing Cost Recovery with Conditions (April 20, 2017).

² *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-16-664, Findings of Fact, Conclusions, and Order (March 12, 2018).

On November 1, 2019, Minnesota Power initiated a new general rate case (the 2019 Rate Case).³ Consistent with rate case practice, the Commission authorized Minnesota Power to begin collecting an interim rate increase beginning January 1, 2020.

On March 17, 2020, the Commission extended the term of the EITE rate discount until implementation of final rates in the 2019 Rate Case, subject to conditions.⁴

On April 23, 2020, Minnesota Power filed a petition and proposal to resolve and ultimately withdraw the 2019 Rate Case. In general, the proposal involves recalculating base rates based on costs established in the 2016 rate case, but accounting for one factor—asset-based margins—in the fuel adjustment clause (FAC) rather than in base rates. Because FAC factors are updated between rate cases, this change would permit Minnesota Power to update its asset-based margin calculation without the necessity of a rate case.

On April 30, 2020, Minnesota Power filed a supplement to its petition, providing additional detail.

By May 21, 2020, the Commission had received comments, reply comments, or both from members of the public as well as the following parties:

- the Citizens Utility Board of Minnesota (CUB) and the Energy CENTS Coalition (Energy CENTS)
- the Clean Energy Organizations (CEOs)⁵
- the Iron Mining Association of Minnesota (IMA)⁶
- Large Power Intervenors (LPI)⁷
- Minnesota Department of Commerce, Division of Energy Resources (Department)
- the Minnesota Forest Industries (MFI)

³ Docket No. E-015/GR-19-442, *In the Matter of the Application of Minnesota Power for Authority to Increase Electric Service Rates in Minnesota*.

⁴ EITE Docket, Order Approving Rider Extension with Conditions (March 17, 2020).

⁵ CEOs include Fresh Energy, Minnesota Center for Environmental Advocacy, Sierra Club, and Clean Grid Alliance.

⁶ IMA represents six taconite mines and 200 supplier vendor member businesses.

⁷ LPI represents ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Enbridge Energy Limited Partnership; Gerdau Ameristeel US Inc.; Hibbing Taconite Company; Northern Foundry, LLC; Sappi Cloquet, LLC; USG Interiors, Inc.; United States Steel Corporation (Keetac and Minntac Mines); United Taconite, LLC; and Verso Corporation.

- Minnesota Power
- the Office of the Attorney General—Residential Utilities Division (OAG)
- Walmart Inc. (Walmart)

On June 4, 2020, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

Having considered the arguments of the parties, the Commission will grant Minnesota Power’s petition and proposal subject to conditions, as stated in the ordering paragraphs. An order setting forth the Commission’s rationale will follow.

ORDER

1. The Commission approves Minnesota Power’s April 23, 2020, petition and proposal—as supplemented on April 30, 2020—to resolve and withdraw the 2019 Rate Case, subject to the following additional conditions:
 - A. Minnesota Power shall provide reasonable intervenor compensation to parties participating in this proceeding with the objective of promoting a public purpose.
 - B. Before its next rate case, Minnesota Power shall ensure that parties can modify the Company’s class cost of service study model inputs and cost allocators to allow parties to receive real-time calculations and outputs, and track and report any costs related to complying with this requirement.
 - C. In its next rate case, Minnesota Power shall submit information on its process for collecting residential late fees and the costs expended in these collection efforts. Before its next rate case, Minnesota Power shall work with interested parties to discuss alternative methods of allocating residential late payment and similar fees.
2. Regarding rate design, Minnesota Power shall do the following:
 - A. Address issues of residential rate design issues in Docket No. E-015/M-12-233, *In the Matter of Minnesota Power’s Compliance Report for its Temporary Rider for Residential Time-of-Day Rate for Participants of the Smart Grid Advanced Metering Infrastructure Pilot Project*.
 - B. Work with its Large Light & Power customers on rate design alternatives and file a report on those discussions within six months.
 - C. Work with its Large Power customers on rate design alternatives and file a report on those discussions within six months.

- D. Maintain the current Energy-Intensive Trade-Exposed Customer rider rate discount through February 1, 2021, and work with stakeholders to bring forward a proposal by August 31, 2020, to extend the EITE rider rate discount.
3. Minnesota Power shall submit a compliance filing within ten days of the final order including –
- A. final rates and all related tariff changes;
 - B. supporting spreadsheets with formulas; and
 - C. a brief narrative explaining all changes to the rate calculations made since Minnesota Power’s April 30, 2020 supplemental filing in this docket.

BY ORDER OF THE COMMISSION

Will Seuffert
Executive Secretary



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