

September 23, 2015

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/M-15-323

Dear Mr. Wolf:

Attached are the Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) to the following comments from Minnesota Power (MP or the Company):

- Supplemental Comments filed on July 30, 2015 concerning the Company's planned service center consolidation; and
- Reply Comments filed on August 10, 2015 in response to the Department's Comments filed on July 31, 2015.

The Department continues to recommend that the Commission **accept Minnesota Power's filing and set appropriate reliability goals for 2015, pending the submission of additional information.** The Department is available to answer any questions that the Commission may have on this matter.

Sincerely,

/s/ ANGELA BYRNE
Rates Analyst
651-539-1820

AB/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**RESPONSE COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES**

DOCKET No. E015/M-15-323

I. INTRODUCTION

On April 1, 2015, Minnesota Power (MP) filed a petition (2015 Annual Report) to comply with the Commission's December 12, 2014 Order¹ and the requirements of Minnesota Rules, Chapter 7826.

On July 30, 2015, MP submitted Supplemental Comments regarding its planned consolidation of three service center locations in Nisswa, Aurora, and Chisholm, effective October 1, 2015.

On July 31, 2015, the Department submitted its Comments recommending that the Commission accept MP's filing, pending the submission of additional information.

On August 10, 2015, MP submitted its Reply Comments. The Company provided the additional information requested by the Department regarding reporting of instances exceeding the ANSI standard, restoring involuntarily disconnected customers within 24 hours, customer deposit refunds, and calculations of estimated bills.

The following is the Department's response to MP's Supplemental Comments and Reply Comments.

II. DEPARTMENT ANALYSIS

The Department appreciates the additional information provided by MP in its Reply Comments regarding reporting of instances exceeding the ANSI standard, customer deposit refunds, and calculations of estimated bills, and concludes that the Company provided reasonable discussions.

¹ Docket No. E015/M-14-281.

Below, the Department discusses further the issue of restoring involuntarily disconnected customers within 24 hours and addresses MP's Supplemental Comments regarding consolidation of three service centers.

A. INVOLUNTARY DISCONNECTS

In its Comments, the Department requested that MP provide a discussion on what is, or may be, causing the decline in restoring involuntarily disconnected customers within 24 hours. In its Reply Comments, MP stated that,

Minnesota Power cannot definitively pinpoint the cause for the increase of time restoring involuntarily disconnected customers. The increase may be due to an extended length of time needed for the customer to collect the necessary funds to establish reconnection. Minnesota Power fully complies with all Minnesota Cold Weather Rule mandates and strives to seek resolution of payments first and foremost with involuntary disconnection of customers being a last resort for non-payment.

While the previous 2 years' significant drop in reconnections within 24 hours may be anomalous and not signify a trend, the Department remains concerned that MP's explanation focuses on potential causes outside its control. The Department requests that MP discuss in Supplemental Reply Comments the process that it used to try to identify the cause(s) for the sudden decrease in this performance metric. In addition, the Company should provide information to assure the Commission that the decline in restoration time is not due to any internal cause(s).

B. CONSOLIDATION OF THREE SERVICE CENTERS

In its Supplemental Comments, MP discussed its planned October 1, 2015 consolidation of three service centers. The Company stated that the eleven employees working at those service centers will be relocated to the Eveleth and Pine River offices. MP also stated that closure of these service centers will ensure continued reliable delivery of electric service to customers while improving efficiencies and promoting cost effective business processes.

The Department appreciates this information and concludes that MP's discussion appears reasonable. If the Company's service quality begins to decline in the future, the consolidation will be one factor the Department will investigate when formulating a recommendation to the Commission.

Regarding the service center buildings that will no longer be in use beginning October 1, 2015, the Department requests that MP provide in Supplemental Reply Comments a discussion of its anticipated plans for these buildings. Specifically, whether MP plans to sell these buildings, and how the Company will ensure that any gain on the sale is returned to ratepayers.

III. CONCLUSION AND RECOMMENDATION

The Department continues to recommend that the Commission accept Minnesota Power's filing in fulfillment of the requirements of Minnesota Rules, Chapter 7826 and the Commission's December 12, 2014 Order, pending the submission of additional information.

The Department requests that the Company provide in Supplemental Reply Comments:

- a discussion on the process it used to try to identify the potential cause(s) for the decreasing number of involuntarily disconnected customers able to be restored within 24 hours;
- information to assure the Commission that the decline in involuntary disconnect restoration time is not due to an internal cause; and
- a discussion of its anticipated plans for the service center buildings in Nisswa, Aurora, and Chisholm, specifically, whether MP plans to sell these buildings, and how the Company will ensure that any gain on the sale is returned to ratepayers.

/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Response Comments**

Docket No. E015/M-15-323

Dated this 23rd day of September 2015

/s/Sharon Ferguson

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