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June 18, 2018

VIA E-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 Minnesota Power's Rider for Boswell Unit
4 Emission Reduction (BEC4 Rider) and 2018 Factor
Docket No. E015/M-18-264
REPLY COMMENTS

Dear Mr. Wolf:

Minnesota Power (or "the Company") submits these Reply Comments to the Minnesota Public Utilities Commission ("Commission") in response to the Department of Commerce – Division of Energy Resources ("Department") and the Large Power Intervenors Group ("LPI") who each filed Initial Comments on June 8, 2018, in the above-referenced Docket. On April 9, 2018, Minnesota Power submitted its Petition to the Commission seeking approval to update cost recovery of investments, expenditures and costs related to the Boswell Energy Center Unit 4 ("BEC4") mercury emission reduction project through Minnesota Power's Commission-approved Rider for Boswell Unit 4 Emission Reduction ("BEC4 Rider"). Specifically, the Company requested Commission approval to implement the updated BEC4 Rider factor coincident with the implementation of final rates in Minnesota Power's current general rate review case; and Commission provisional approval to zero out the rider sub-factor effective June 1, 2018. On June 14, 2018, the Commission gave provisional approval to zero out the rider sub-factor effective June 1, 2018, or on the first day of the month following Commission approval, whichever is later.

The Department states in their Initial Comments, "The Department recommends that the Minnesota Public Utilities Commission (Commission) approve Minnesota Power's *Petition*." Minnesota Power supports the Department's recommendation. In their Initial Comments, LPI requests that the Company "update the information in the Petition with the specific tax ramifications modeled and/or confirm that incorporating 2017 Tax Reform would have no effect

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on the BEC4 Rider calculations based on the Reconsideration Order.” Minnesota Power stated in its Petition “[t]he 2018 revenue requirements do not reflect any changes due to the 2017 Federal Tax Act. Once the details of implementing the needed changes for the Company are resolved in the related docket (Docket No. E, G-999/CI-17-895), the Company will update the BEC4 tracker and incorporate the impacts in the subsequent factor filing.” The Commission acknowledged LPI’s request to have the Company provide updated information addressing the impact of the 2017 Tax Reform during the June 14th hearing. In response to this request and in light of the on-going regulatory review process of the Commission Investigation into the Effects of Electric and Natural Gas Utility Rates and Services of the 2017 Federal Tax Act (Docket No. E, G-999/CI-17-895), the Company can confirm that the tax change would reduce the revenue requirements slightly, but also reduce the Basin Power Electric Cooperative revenue credit. The net impact to the Large Power rate would be a reduction in their savings. Residential rate savings would also decrease. Minnesota Power again commits to updating the BEC4 tracker and incorporating the impacts in the 2019 BEC4 Rider factor filing once the details of implementing the needed changes for the Company are resolved in Docket No. E, G-999/CI-17-895.

Minnesota Power appreciates the time and work of the Department, LPI and Staff in the regulatory review process and looks forward to a Commission hearing on this Docket. Please contact me at (218) 355-3601 or lhoyum@mnpower.com with any questions related to this matter.

Yours truly,



Lori Hoyum
Policy Manager

LH:sr

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING AND
MAILING VIA U.S. MAIL

Susan Romans of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **18th** day of **June, 2018** she served Minnesota Power's Reply Comments in **Docket No. E015/M-18-264** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons Minnesota Power's General Service List were served as requested.



Susan Romans

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