



AN ALLETE COMPANY

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April 26, 2021

**VIA E-FILING**

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101

**Re:** In the Matter of Minnesota Power's  
Proposed Changes for Lighting Rates and Options  
Docket No. E015/M-20-830  
**Reply Comments**

Dear Mr. Seuffert:

Minnesota Power (or the "Company") hereby submits to the Minnesota Public Utilities Commission (or "Commission") the following Reply Comments in the above referenced docket.

If you have any questions regarding this filing, please contact me at (218) 723-3963 or [dmoeller@allete.com](mailto:dmoeller@allete.com).

Yours truly,

A handwritten signature in black ink that reads 'David R. Moeller'.

David R. Moeller  
*Senior Attorney and  
Director of Regulatory Compliance*

DRM:th  
Attach.  
c: Service List

I AM  
**ZERO INJURY.**

*Together we choose to work safely for our families, each other, and the public.  
We commit to be injury-free through continuous learning and improvement.*

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

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In the Matter of Minnesota Power's  
Proposed Changes for Lighting Rates and Options

Docket No. E015/M-20-830  
**Reply Comments**

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**I. INTRODUCTION**

After resolution of the 2019 rate case where Minnesota Power (or the “Company”) had proposed changes to its add more Light Emitting Diode (“LED”) service options, the Company subsequently filed a Petition on November 13, 2020, requesting that the Minnesota Public Utilities Commission (“Commission”) approve the Company’s proposal to add more LED service options to the Company’s Outdoor and Area Lighting Service, and to close all Mercury Vapor service options to new customers in its Outdoor and Area Lighting Service. On April 14, 2021, the Department of Commerce (“Department”) filed Comments in response to the Petition. Minnesota Power hereby offers the following Reply Comments, addressing the Departments concerns in the above referenced matter.

**II. RESPONSE TO COMMENTS**

*A. Energy Charge Rate Adjustment Factor*

On page 10 of its Comments, the Department noted that it was unclear how the energy charge rate adjustment factor in Minnesota Power’s Updated Cost Study was calculated and how it ensures that class revenues will be in alignment with the rate case resolution. The Department concluded that the Company’s proposal generally seems reasonable, as demonstrated through the 0.92 factor reasonableness check, but requested that the Company address the Department’s concerns regarding the Updated Cost Study calculations in Reply Comments. Specifically, the Department asked the Company to explain differences that it noted in Table 6 on page 9 between the Original Cost Study for lighting from Minnesota Power’s 2019 rate case initial filing and the Updated Cost Study included in the Petition for the energy charge rate and the annual energy revenue adjustment per fixture.

As the Department correctly observes, the proposed rates for the three new LED lamp rates, as shown in Table 2 of MP's Petition, were based on the 92 percent factor applied to lighting rates that were proposed in Minnesota Power's 2019 rate case. They are within 2 percent of the rates calculated for each lamp in Attachment 1 to the Petition (the updated lighting cost study). The Updated Cost Study was intended to be an illustration of the lighting rate calculation methodology and a general reasonableness check for the proposed rates. The energy charge rate adjustment factor of  $-\$0.03134/\text{kWh}$  reflected a combination of several adjustment items: (1) the base cost of energy of  $\$0.0175135$  for the Lighting class that moved from base rates to the separate Fuel and Purchased Energy Charge on customer bills, (2) the lower rates approved in the rate case resolution compared to the original 2019 Rate Case request, and (3) an adjustment to match total targeted Lighting class revenue. However, the rates don't match exactly because not all of the many components in the Original Cost Study were updated for this Petition. Also, because the rates for other lighting types/sizes beyond the three proposed new LED options were not updated for the rate case resolution or the Updated Cost Study, the targeted lighting class revenue of  $\$3,693,860$ <sup>1</sup> from the resolution compliance filing was not able to be matched in the calculations for this Petition. The Company primarily relied on the 92 percent factor applied to the proposed rates in the 2019 rate case to develop the proposed rates for the three new LED lamp sizes.

#### *B. Closed Lighting Options – Tariff Language Consistency*

Minnesota Power appreciates the Department's observation relating to the difference between "Closed to new customers" and "Closed to new installations" as it relates to the Company's proposition to make the Area and Outdoor Lighting Mercury Vapor lights "Closed to new customers." Minnesota Power can confirm that there is no meaningful difference between the two sets of language in this Petition, however, agrees that the language should be consistent between tariffs. Therefore, the Company will utilize the phrase "Closed to new installations" in the Mercury Vapor Lights tariff update for Street and Highway Lighting.

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<sup>1</sup> See DOC Comments, Attachment E, Page 1 of 6, Total Lighting Class, General Rates Operating Revenues.

*C. Closed Lighting Options-Long Term Plan for Mercury Vapor Lighting*

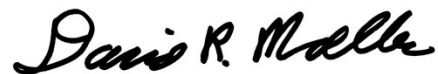
As stated above, Minnesota Power will adopt the language “Closed to new installations” as it relates to the discontinuation of Mercury Vapor Lighting options going forward. As pointed out in the Department’s Comments, closing a rate to new customers implies that there may be some existing Area and Outdoor Lighting customers who will continue to need Mercury Vapor lamps. This oversight in language utilization in the Company’s Petition implies that Minnesota Power still carries an inventory of Mercury Vapor lamps to service existing customers, which is not the case. As stated in the initial Petition, these proposed lighting rate modifications are necessary to complete an ongoing lighting conversion by the end of 2022. Because the Mercury Vapor lighting options will be “Closed to new installations,” it can be assumed that the Company will not carry an inventory of Mercury Vapor lights for current customers. If a current customer on the Mercury Vapor lighting rate experience lamp failure, they will be replaced with a currently offered lighting option. Additionally, it is important to reiterate that, regardless of lamp failure, all Mercury Vapor lamps will be replaced by the end of 2022.

**III. CONCLUSION**

Minnesota Power appreciates the productive comments provided by the Department, and looks forward to the implementation of a simplified application of its lighting tariff and the addition of more LED rate options for Lighting Customers.

Dated: April 26, 2021

Respectfully Submitted,



David R. Moeller  
*Senior Attorney and  
Director of Regulatory Compliance*

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

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 26<sup>th</sup> day of April, 2021, she served Minnesota Power's Reply Comments in **Docket No. E015/M-20-830** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



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Tiana Heger