

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
Matthew Schuerger  
John Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Susan Ludwig  
Policy Manager  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

SERVICE DATE: December 21, 2016

DOCKET NO. E015/M-16-776

In the Matter of Minnesota Power's Renewable Resources Rider and 2017 Renewable Factor

The above-entitled matter has been considered by the Commission and the following disposition made:

- **Approved Minnesota Power's request to implement its 2017 Renewable Factors on a provisional basis, beginning January 1, 2017**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Daniel P. Wolf  
Executive Secretary

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November 22, 2016

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 300  
St. Paul, Minnesota 55101

RE: Letter from the Minnesota Department of Commerce, Division of Energy Resources (the Department) regarding Minnesota Power's Petition for Approval of its Renewable Resources Rider and 2017 Renewable Factor in Docket No. E015/M-16-776

Dear Mr. Wolf:

On November 2, 2016, Minnesota Power (MP or the Company) filed a petition in the above-referenced docket "to update cost recovery of incurred investments, expenditures and costs related to the development of the Company's Bison Wind Energy Center" and the "Thomson Hydroelectric Restoration Project" in MP's Renewable Resources Rider (2017 Factor Filing).

On November 15, 2016, the Department filed a Request for Extension of Time to File Comments in the above referenced docket. The Department requested that it be allowed to file its comments on or before January 3, 2017.

On November 16, 2016, the Department was notified that MP's filing requested that the Commission waive the 90 day requirement under Minn. Rule 7825.3200 and grant provisional approval of MP's rate request, effective January 1, 2017. According to MP, this approach would allow cost recovery for Renewable Resource Rider projects to be synchronized between the concurrent rate case petition (Docket No. E015/GR-16-664) and this 2017 Factor Filing. MP stated that it was appropriate to grant provisional approval of its proposed rate changes in the 2017 Factor Filing to provide timely rate relief to most customers, with the understanding that a final decision would be made subsequent to a comment period in which parties may conduct a thorough review of the petition. In addition, MP stated that:

A similar provisional approval was granted in Otter Tail Power Company's petition for approval of its environmental upgrades cost recovery rider (Docket No. E017/M-16-373) and transmission cost recovery rider annual adjustment (Docket No. E017/M-16-374). In these petitions, Otter Tail Power Company requested cost recovery factors which would decrease rates for customers. In response, the Minnesota Department of

Commerce Division of Energy Resources (“Department”) proposed that the Commission grant provisional approval in order to provide rate reductions to customers at a time when extensive workload and resource constraints were presenting a significant barrier to the Department’s ability to thoroughly review the petitions. Minnesota Power believes that a provisional approval is also appropriate in this petition in order to provide timely rate reduction to most customers and to more efficiently align cost recovery of approved projects between the 2017 Renewable Resources Rider and the Company’s rate case in Docket No. E015/GR-16-664.<sup>1</sup>

The DOC generally does not support the implementation of new rider rates on a provisional basis. However, given the overlap between riders and base rates (including interim rates), and the interconnection between this petition and MP’s recently filed a rate case, the DOC supports MP’s request to implement its 2017 Renewable Factors on a provisional basis beginning January 1, 2017. The Department intends to continue reviewing MP’s petition with the expectation of filing comments on January 3, 2017. Any adjustments to the revenue collected under the 2017 Factor Filing could be reflected in the 2018 Factor Filing.

Based on the above, the Department recommends that the Commission approve MP’s request to implement its 2017 Renewable Factors on a provisional basis, beginning January 1, 2017.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ MARK JOHNSON  
Financial Analyst

MJ/ja

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<sup>1</sup> See Page 6 of MP’s Initial Filing in Docket No. E015/M-16-776.