



May 18, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Subject:

PUC Docket No. E-015/M-20-429 – Emergency Petition of Minnesota Power for Approval to Move Asset-Based Wholesale Sales Credits to the Fuel Adjustment Clause and Resolve Rate Case

PUC Docket No. E-015/GR-19-442 – Application of Minnesota Power for Authority to Increase Electric Service Rates in Minnesota

PUC Docket No. E-015/M-16-564 - Minnesota Power's Revised Petition for a Competitive Rate for Energy-Intensive Trade-Exposed (EITE) Customers and an EITE Cost Recovery Rider

Dear Mr. Seuffert:

I am writing on behalf of the Iron Mining Association of Minnesota (IMA), which represents six taconite mines and 200 supplier and vendor member businesses. Minnesota's iron mining industry supports 15,500 hardworking men and women who work at the mines or for companies who provide services and supplies to the operations. The iron mines are also among the largest electric power users in Minnesota. Thank you for the opportunity to provide feedback on the above referenced dockets.

Minnesota's iron mining industry is essential to the state's economy and the country's economic and national security. I am submitting this letter to request a continuation of the rate credit for energy intensive – trade exposed (EITE) customers that was approved by the Commission in 2017 and is currently set to expire in February 2021. A continuation of the credit is needed to meet the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers (MS 216B.1696 Subdivision 2a).

The EITE statute was enacted in 2015 when the legislature acted to preserve the competitive position of Minnesota's iron mining industry during a historic steel import crisis. At the time, half of the mines on the Iron Range were idled and 2,000 steelworkers had been laid off. The Minnesota Legislature recognized that energy was one of the largest cost inputs in pellet production (approximately 20 – 25%) and that strengthening the competitive position of the mines would help preserve a strong domestic steel industry that was exposed to global competition.

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At this time, the domestic iron and steel industries are responding to the unprecedented and unanticipated economic downturn brought about by the COVID-19 global pandemic. The economic slowdown has resulted in reduced demand for downstream steel products and the idling of Minnesota's iron ore mines. Presently, four of the six iron ore mines on the Iron Range have idled or reduced production, resulting in the layoff of 1,755 steelworkers.

The mines have enacted cash conservation efforts to maintain business operations and prepare idled facilities to restart when business conditions improve. However, we need the support of the MPUC to extend the EITE rate so the iron mines can remain competitive as mandated by the 2015 law. Minnesota Power's service area is unique in that their industrial class customers account for 74% of the utility's load. That means that if unsustainable electric rates cause the mines to succumb to globally competitive forces, the burden will shift to residential customers through significant rate increases. Preventing this from occurring and supporting the jobs and taxes the mining industry provides to the Minnesota economy are reasons why the legislature set forth a state energy policy to ensure competitive electric rates for EITE customers. Given this overall context, we believe that eliminating EITE rates would be inconsistent with the spirit and intent of the 2015 law.

As you know, the MPUC previously decided that the EITE-Rate Schedule would expire on February 1, 2021. Yet, the EITE Statute does not include a sunset date. It appeared at the outset of Minnesota Power's pending rate case that there would be an opportunity to address EITE issues. Now, however, a withdrawal of the rate case coupled with expiration of the EITE-Rate Schedule would leave EITE customers with no avenue for relief at a critical time. This is not consistent with the Minnesota state energy policy as set forth in the EITE Statute. Furthermore, when the EITE rate was approved, the MPUC ensured the cost would not shift to residential ratepayers. We, therefore, fail to see what benefit expiration would have on non-EITE customers. Instead, we believe it would only cause harm to industrial customers during a time when the iron mines are already navigating challenging business conditions caused by the COVID-19 pandemic.

The continuation of the EITE-Rate Schedule is a critical issue for the iron mining industry. The IMA respectfully urges the MPUC to extend the EITE-Rate Schedule to evaluate further rate design relief for large power customers.

On behalf of the iron mining industry in Minnesota, which provides thousands of good paying, family sustaining jobs to our state, I thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "KJ".

Kelsey Johnson
President
Iron Mining Association

A large, light gray watermark of the IMA logo is visible in the background of the lower half of the page.

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