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August 2, 2021

VIA ELECTRONIC FILING AND U.S. MAIL

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

Re: *In the Matter of Minnesota Power's Petition for Interpretation of Terms and Conditions of Service to Verso Minnesota Wisconsin LLC*
MPUC Docket No. E015/M-21-_____

Dear Mr. Seuffert:

Enclosed for filing with the Minnesota Public Utilities Commission ("Commission"), please find Minnesota Power's **PETITION** in the above-captioned matter. Minnesota Power requests that the Commission resolve the Petition on an expedited basis so that the dispute is resolved prior to the Company's planned November 1, 2021 general rate case filing, and due to the potential acquisition of Verso Minnesota Wisconsin LLC's ("Verso") parent company by another entity, which could complicate efforts to recover amounts due. Minnesota Power specifically requests that the Commission solicit comments on an expedited basis, with initial comments due no later than 21 days after the filing of this Petition (or August 23, 2021) and reply comments due seven days after the initial comment due date (or August 30, 2021), and issue a decision within 45 days of the filing of the Petition (or September 16, 2021).

The Petition seeks an order from the Commission interpreting the Electric Service Agreement as amended ("ESA") between Minnesota Power and Verso, finding that Verso has tariff obligations and owes minimum "take or pay" payments during the term of the ESA, as approved by the Commission and incorporated in Minnesota Power's tariffs. Specifically, Minnesota Power requests that the Commission affirm that the provisions of the ESA explicitly set forth Verso's continuing obligations, which remain in full force and effect through the termination date regardless of whether Minnesota Power enters into an ESA with a wholly separate customer located in the facility Verso idled and eventually sold. Minnesota Power is not asking the Commission to make factual determinations regarding the amount that Verso owes Minnesota

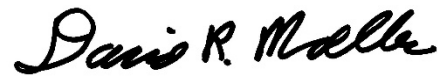
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Power or to enforce the ESA. Rather, the Commission's interpretation of the ESA is needed because it would have future ratemaking impacts due to lost revenues and it would provide clarity regarding whether large power "take or pay" agreements include an implicit duty to mitigate to reduce the minimum payments agreed upon in the ESA and approved by the Commission.

By copy of this letter, I am providing service to those listed on the attached Large Power Service List on file with the Commission. Minnesota Power has included a Summary with this filing. As reflected in the Certificate of Service, the parties requesting paper service have been served the Summary only.

If you have any questions, please feel free to contact me.

Yours truly,

A handwritten signature in black ink that reads "David R. Moeller". The signature is written in a cursive, slightly slanted style.

David R. Moeller

Enclosure
cc: Attached Service List

STATEMENT REGARDING JUSTIFICATION FOR EXCISING
TRADE SECRET INFORMATION

Pursuant to the Commission's revised Procedures for Handling Trade Secret and Privileged Data in furtherance of the intent of Minn. Stat. § 13.37 and Minn. Rule Part 7829.0500, Minnesota Power has designated portions of the exhibits to the attached Petition as Trade Secret.

Exhibit E to the Petition contains confidential terms of the Electric Service Agreement, as amended, between Minnesota Power and Verso Minnesota Wisconsin LLC (hereinafter "Verso"). Exhibit E contains terms and conditions that are materially sensitive to Minnesota Power (due to the specific terms for electric service to this Large Power customer) and contains Minnesota Power's unique methods, techniques and process for supplying electric service to Verso. The information regarding specific levels of energy usage is valuable commercial information to both Minnesota Power and Verso, and because of the intensely competitive marketplace Verso operates in, this information is also confidential and Trade Secret to Verso. Minnesota Power and Verso follow strict internal procedures to maintain the secrecy of this information in order to capitalize on the economic value of the information. Potential competitors of both parties would gain a commercial advantage if this information was publicly available, with severe competitive implications resulting.

Minnesota Power believes that this statement justifies why the information excised from the attached report should remain a trade secret under Minn. Stat. §13.37. Minnesota Power respectfully requests the opportunity to provide additional justification in the event of a challenge to the trade secret designation provided herein.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Docket No. E015/M-21-_____

In the Matter of Petition for Interpretation
of Terms and Conditions of Service to
Verso Minnesota Wisconsin LLC

PETITION

INTRODUCTION

Pursuant to Minn. Stat. §§ 216B.03, 216B.04, 216B.05, subd. 2a, 216B.07, 216B.16, 216B.17, 216B.21, 216B.25, and Minn. R. 7829.1300, Minnesota Power (or the “Company”), hereby petitions the Minnesota Public Utilities Commission (“Commission”) for an order interpreting the Electric Service Agreement as amended (“ESA”) between Minnesota Power and Verso Minnesota Wisconsin LLC (“Verso”) finding that Verso has tariff obligations and owes minimum “take or pay” payments (“Minimum Firm Demand”) during the term of the ESA, as approved by the Commission.

Although Verso has admitted “that it will continue to be responsible for the payment of minimum Contract Demand charges” for the period specified in the agreement, Verso has stopped paying and thereby put all other Minnesota Power customers at risk of bearing system costs that should be covered by Verso’s contractual obligations. Specifically, Verso has stopped paying under its ESA in violation of the ESA and the Large Power Service Schedule in Minnesota Power’s tariff, without obtaining consent from Minnesota Power to assign the ESA to a third-party.

Verso now claims that it owes Minnesota Power nothing simply because the Company has initiated a new customer contract, even though the new contract will not provide nearly the same

revenues and the new customer is wholly separate from Verso and unwilling to take assignment of Verso's ESA. Additionally, none of the ESA, Minnesota Power's filed tariffs, or Minnesota law contain an obligation for the Company to mitigate losses under a take or pay ESA. Rather, such ESA provisions were specifically negotiated and approved by the Commission to protect and benefit other Minnesota Power customers and the Company. As such, Minnesota Power seeks an order clarifying that the ESA obligates Verso to make Minimum Firm Demand payments until January 29, 2023.

Minnesota Power is not asking the Commission to make factual determinations regarding the amount that Verso owes Minnesota Power, or to enforce Verso's payment obligations. Rather, this Petition seeks only an interpretation of the ESA to clarify whether the Company has a duty to mitigate its damages. If there is no duty, then Verso will owe the full amount due under the ESA. If there is such a duty, Verso would owe the full amount less any amount of revenue the Company receives from the new customer in Verso's old facility during the applicable time period.

PROCEDURAL MATTERS

Pursuant to Minn. Rule 7829.1300, Minnesota Power provides the following required general filing information. Under the Commission's Rules of Practice and Procedure, filings that do not require a determination of a utility's revenue requirement constitute "miscellaneous tariff filings" under Minn. Rules 7829.1300, and the Commission has treated all of Minnesota Power's electric service agreements, which are tariffs under Minnesota law, under the filing requirement, notice, and comment provisions of this Rule. Additional information required by Minn. Rule 7829.1300 is provided below.

A. Summary of Filing (Minn. Rule 7829.1300, subp.1)

A one-paragraph summary of the filing accompanies this Petition pursuant to Minn. Rules 7829.1300, subp. 1.

B. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rule 7829.1300, subp. 2, Minnesota Power has served a copy of this filing on the Minnesota Department of Commerce, Division of Energy Resources; and the Office of the Attorney General, Residential Utilities Division. A summary of the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 is being served on all parties on its Large Power Service list. Minnesota Power has also served this petition on Verso, in accordance with the Notice requirements in the ESA, and Verso's external legal counsel.

C. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 3(A))

Minnesota Power
30 West Superior Street,
Duluth, Minnesota, 55802
(218) 722-2641

D. Name, Address and Telephone Number of Utility Attorneys (Minn. Rule 7829.1300, subp. 3(B))

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E. Date of Filing and Date Proposed Miscellaneous Rate Change Will Take Effect (Minn. Rule 7829.1300, subp. 3(C))

The date of this filing is August 2, 2021. The filing requests interpretation of the ESA between Verso and Minnesota Power, as amended.

F. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp. 3(D))

The filing described herein is made pursuant to Minn. Stat. §§ 216B.03, 216B.04, 216B.05, subd. 2a, 216B.07, 216B.16, and 216B.25. This filing is a miscellaneous tariff filing as defined by Minn. Rule 7829.0100, subp. 11. Under Minn. Rule 7829.1400, comments on a miscellaneous filing are due within 30 days of its filing (or September 1, 2021), with reply comments due 10 days thereafter (or September 11, 2021). Minnesota Power respectfully requests that the Commission resolve this Petition on an expedited basis, or within 45 days (or September 16, 2021). Notwithstanding Minn. Rule 7829.1400, Minnesota Power specifically requests that the Commission solicit comments on an expedited basis, with initial comments due no later than 21 days after the filing of this Petition (or August 23, 2021), and reply comments due seven days after the initial comment due date (or August 30, 2021).

An expedited resolution is warranted because Verso is currently accumulating hundreds of thousands of dollars in arrears with regard to its ESA. Additionally, Atlas Holdings LLC recently disclosed in an SEC filing that it has made an offer to purchase all of the stock of Verso Corporation (Verso's parent),¹ and Verso Corporation confirmed that it is reviewing the offer.² A buyout of Verso Corporation could complicate Minnesota Power's ability to recover amounts due under the ESA with Verso and the parental guaranty with Verso Corporation. The Company requests an

¹ <https://www.sec.gov/Archives/edgar/data/0001421182/000119312521212488/d181742dsc13da.htm>

² <https://www.sec.gov/Archives/edgar/data/1421182/000156459021036495/d190377dex991.htm>

order from the Commission interpreting the ESA as soon as feasible given Verso's potential corporate actions and that disconnection remedies for former customers are not available, and prior to the potential filing of any general rate case this fall. An interpretation of the ESA would aid Minnesota Power in determining its necessary revenue requirement and rates, taking into account the level of revenues it expects to receive from Verso, if any. Minnesota Power thus requests expedited consideration so as to remove any uncertainty heading into its planned November 1, 2021 general rate case filing.

G. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 3(E))

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H. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 3(F))

The Petition in and of itself would have no effect on Minnesota Power's base rates at this time because revenues forecasted to be received from Verso under the ESA are already reflected in rates. Rather, to determine the obligations arising from the ESA, Minnesota Power seeks the Commission's interpretation and clarification of the agreement. Specifically, Minnesota Power requests that the Commission affirm that the provisions of the ESA explicitly set forth Verso's continuing obligations, and that obligations under the ESA remain in full force and effect through the termination date regardless of whether Minnesota Power enters into an ESA with a wholly separate customer located in the facility Verso idled and eventually sold.

If the Commission determines that the take or pay provisions require Verso to fulfill its full contractual obligations under the ESA regardless of whether it is taking service, Minnesota Power

stands to receive millions of dollars to satisfy Verso’s remaining ESA obligations and would not need to burden its other customers to recoup this loss. However, if Verso continues to ignore its obligations under the ESA and not make required payments through the term of the ESA, then Minnesota Power would be short these revenues, which harms the financial health of the utility and would impact future rate proceedings.

I. Service List (Minn. Rule 7829.0700)

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PROPOSAL

A. Description and Purpose of Filing

1. Minnesota Power requests that the Commission exercise its authority over the ESA between Minnesota Power and Verso and interpret the same. Minnesota Power does not request a determination of the amount owed, nor does it seek specific enforcement of that amount.

2. Minnesota Power submits this Petition seeking an order interpreting the ESA as amended by the parties and approved by the Commission in 2019. The ESA unambiguously provides for the continued payment of Minimum Firm Demand for a specified period following notice that Verso is reducing its demand to zero kilowatts (“kW”). Verso avers that Minnesota Power is under an obligation to forego take or pay revenues due to its negotiation of a new ESA with a new industrial customer, even though it is a different entity and does not provide close to the same level of revenue during the take or pay period.

3. Minimum contract demand obligations in Large Power Electric Service Agreements reduce uncertainty by enabling utilities to build out capacity needs and manage their fixed costs.³

4. In turn, large power customers are able to defer large cash payments required to build out capacity and instead spread out the repayment of fixed costs over time. Take or pay contracts therefore ensure utility recovery of some fixed costs from the entity that caused those costs to be incurred.

5. As a result, Verso's refusal to pay its agreed Minimum Firm Demand simply deprives Minnesota Power of revenues available to cover fixed costs that are not reduced by the acquisition of a new customer, especially where the new customer enters into a wholly separate ESA without producing the same contract demand levels and revenues.

6. Additionally, the purpose and language in this ESA and other Commission approved take or pay contracts is to obligate the power customer to pay agreed amounts for a specified period even if the customer provides notice of termination of service. As a result, the argument that Minnesota Power must "mitigate its damages" undermines the purpose of take or pay contracts when Verso voluntarily sent Minnesota Power a notice of termination on January 29, 2021.

7. In addition to the lost revenues for Minnesota Power, Verso's refusal to pay amounts due under the ESA will deprive local governments from tax and franchise fee revenues, which Minnesota Power collects from its customers and passes on to the government entities. Specifically, Minnesota Power would collect and pass on to the appropriate government entity the following: 3% City of Duluth Franchise Fee; 1.5% City of Duluth Sales Tax; 0.5% St. Louis

³ See *In the Matter of the Petition of Minnesota Power and Light Company to Amend the Electric Service Agreements of Certain Large Power Customers*, Docket No. E-015/M-83-111, Order Approving Petition at 3 (May 13, 1983).

County Sales Tax; and 6.875% Minnesota State Sales Tax.⁴ Uncollected City of Duluth Franchise Fees alone are projected to total in the hundreds of thousands of dollars.

8. Finally, any revenues that are recovered through Verso's take or pay obligations reduce the need for other customers to increase their share of fixed costs to cover total utility costs and financially harms Minnesota Power. As such, Verso merely seeks to shift its obligations to current customers and Minnesota Power in violation of the ESA.

9. Minnesota Power therefore respectfully requests that the Commission interpret the ESA to require Verso to continue fulfilling its payment obligations through January 29, 2023, including making the Company, the City of Duluth, St. Louis County, and the State of Minnesota whole for all amounts due through the time of a Commission decision.

B. Jurisdiction

10. The Commission has continuing, plenary jurisdiction over Large Power ESAs that it has previously approved and are part of Minnesota Power's rate book as filed tariffs.⁵

11. The Commission also on its own motion has the authority to investigate rates, tolls, tariffs, charges, or schedules.⁶

12. The Commission has jurisdiction to interpret the ESA as a part of the Company's tariffs under the filed rate and primary jurisdiction doctrines, in that the legislature has vested in the Commission extensive on-going authority to determine and set reasonable rates, tolls, tariffs, and charges, including contracts related to rates and services, in addition to having primary

⁴ Other than the City of Duluth Franchise Fee, which is not subject to any exemption, 97.5% of the amounts collected from Verso are exempt from the other applicable taxes.

⁵ Minn. Stat. §§ 216B.03, 216B.04, 216B.05, subd. 2a, 216B.07, 216B.16, and 216B.25; *see also In the Matter of Minnesota Power's Petition in Response to the Minnesota Public Utility Commission's Sept. 5, 2008 Order in Docket No. E-015/M-08-321*, Docket No. E-015/M-08-1344, Order Accepting Petition, Modifying Electric Service Agreement Procedures, and Closing Docket No. E-015/M-08-321 (Feb. 26, 2009).

⁶ *See* Minn. Stat. §§ 216B.17 and 216B.21.

jurisdiction under its ratemaking and regulatory authority to utilize its particular expertise in constructing its tariffs. *See Hoffman v. N. States Power Co.*, 764 N.W.2d 34, 42-52 (Minn. 2009); *Siewart v. N. States Power Co.*, 793 N.W.2d 272, 277-86 (Minn. 2011).

13. The ESA and latest amendments were executed by Minnesota Power and Verso, and approved by the Commission most recently on February 12, 2019 in Docket No. E-015/M-18-603, reflecting Verso's operations and potential investment of the Duluth Mill. The original ESA was approved on March 7, 2006.⁷ Its amendments were later approved on December 10, 2012⁸ and February 12, 2019.⁹

14. On January 29, 2021, Verso provided Minnesota Power with notice of (1) termination of the ESA, and (2) notice of its reduction of demand to zero kW, both of which would become effective after the period agreed upon in the ESA.

15. On July 8, 2021, Verso threatened to file a complaint with the Commission regarding its obligations under its take or pay ESA due to Minnesota Power ostensibly obtaining a new large power customer, as evidenced by correspondence from Verso to Minnesota Power, a true and correct copy of which is attached hereto as Exhibit A.

16. As a result, there is a live controversy for Commission resolution because the parties actively dispute Verso's payment obligations based upon differing interpretations of the terms of the ESA.

17. Whether "take or pay" ESA obligations are reduced by the addition of a new utility customer may also have an impact on many current and future large power customer agreements

⁷ *In the Matter of a Petition by Minnesota power for Approval of an Amended and Restated Electric Service Agreement with Store Enso North America Corp.*, Docket No. E015/M-05-1989, Order (March 7, 2006).

⁸ *In the Matter of Minnesota Power's Petition for Approval of an Amendment to and Electric Service Agreement with NewPage Wisconsin System, Inc.*, Docket No. E-015/M-12-1025, Order, (Dec. 10 2012).

⁹ *In the Matter of Minnesota Power's Petition for Approval of an Amendment to the Electric Service Agreement Between Verso Minnesota Wisconsin LLC and Minnesota Power*, Docket No. E-015/M-18-603, Order Approving Amendment to Electric Service Agreement (Feb. 12, 2019).

within the Commission’s jurisdiction and whether customers are allowed to abandon their Commission approved obligations without any recourse.

C. Background

1. Parties

18. Minnesota Power is an operating division of ALLETE, Inc., a publicly-traded diversified energy company based out of Duluth, Minnesota.

19. Minnesota Power is a public utility under Minn. Stat. § 216B.02, subd. 4 and provides regulated electric service to 145,000 residential, commercial and industrial customers across a 26,000-square-mile service area in central and northeastern Minnesota.

20. Minnesota Power employs over a thousand people in the Duluth-area.

21. Verso is a local subsidiary of Verso Corporation, a nationwide paper products company headquartered in Ohio.

22. In 2015, Verso Corporation acquired the NewPage company and its subsidiary, NewPage Wisconsin System, Inc. (“NewPage”),¹⁰ which had operated the paper mill and recycled pulp mill in Duluth, Minnesota (the “Duluth Mills”).

23. Verso operated the Duluth Mills until selling them in early 2021.

2. The Duluth Mills

24. In 1985, Minnesota Power, the City of Duluth, and Lake Superior Paper Industries formed a cooperative to develop the Duluth Mills adjacent to the Company’s Hibbard Energy Center in Duluth.

¹⁰ For purposes of clarity, this Petition will not treat Verso and NewPage as separate entities since Verso is the purchaser of, and successor in interest to, NewPage. As a result, use of “Verso” throughout this arbitration demand will refer to both NewPage and Verso.

25. In 2000, the Duluth Mills were sold to Stora Enso North America Corporation (“Stora Enso”), which then sold the Duluth Mills to NewPage in 2007.

26. Verso acquired the Duluth Mills from NewPage in 2015.

3. The Electric Service Agreements

27. Minnesota Power has provided electricity to the occupant/operator of the Duluth Mills since at least 1986 under an ESA, which has been amended and restated at various times.¹¹

28. Minnesota Power’s practice of negotiating ESAs with its Large Power (“LP”) customers has a long history in Minnesota, as previously noted by the Commission:

In the 1970’s a practice of negotiating individual electric service agreements between each LP customer and MP evolved. Under these agreements, LP customers commit to take specified amounts of power for specified time periods (take-or-pay commitments), in exchange for a secure source of power. The LP customers are thus assured of the availability of power at the quantity contracted for, and MP is able to project what investment and construction will be necessary to meet future energy demands.¹²

In evaluating whether ESAs are reasonable, the Commission and the Minnesota Department of Commerce (“Department”) have assessed, among other things, whether the proposed ESA would contribute to long-term revenue stability in terms of length of the agreement and size of the contract commitment.¹³

29. The Commission has also noted that Minnesota Power’s ESAs with its Large Power customers can have substantial public interest impacts and that it is important to maintain service to these customers:

¹¹ See *In the Matter of a Petition for Approval of an Amended and Restated Electric Service Agreement Between Minnesota Power and Consolidated Papers, Inc.*, Docket No. E-015/M-97-1305, Petition for Approval at 1 (Aug. 28, 1997).

¹² *In the Matter of Minnesota Power’s Request for Approval of an Amendment to the Elec. Serv. Agreement of Nat’l Steel Corp.*, Docket No. E-015/M-90-155, Order Approving Contract at 2 (Oct. 5, 1990).

¹³ *Id.* at 3.

Preventing drastic and sudden revenue loss by Minnesota Power is a matter of public concern. Its ratepayers make up a substantial portion of the citizens of Northeastern Minnesota and include major industries on which the area's economic vitality depends. Retaining large volume customers is critical to maintaining affordable rates, which are important to the economic health of the area, its industries, and all its citizens.¹⁴

30. On November 15, 2005, Stora Enso and Minnesota Power executed an Amended and Restated Electric Services Agreement (“2005 ESA”), a true and correct copy of which is attached hereto as Exhibit B.

31. On July 17, 2012, NewPage, successor in interest to Stora Enso, and Minnesota Power executed an amendment (“2012 ESA Amendment”) to the 2005 ESA, a true and correct copy of which is attached hereto as Exhibit C.

32. On August 23, 2018, Verso and Minnesota Power executed a further amendment (“2018 ESA Amendment”) to the 2005 ESA, a true and correct copy of which is attached hereto as Exhibit D. The 2005 ESA as subsequently amended in 2012 and 2018 shall be herein referred to simply as the “ESA.”

33. In the 2018 ESA Amendment proceedings, the Department noted that “an extension would be beneficial to both MP and its ratepayers. Since Verso’s current and proposed rates include contributions to MP’s fixed costs, MP’s ratepayers benefit from such contributions that would otherwise have to be collected from them. The extension of the contract would benefit MP by providing it with an additional stable source of revenues until December 31, 2024.”¹⁵ The Department concluded that the proposed ESA amendment would be in the public interest because

¹⁴ *In the Matter of Minnesota Power’s Petition to Amend its Elec. Serv. Agreement with Nat’l Steel Pellet Co.*, Docket No. E-015/M-88-86, Order Approving Contract Amendments and Deferring Ratemaking Treatment at 3 (Apr. 29, 1988).

¹⁵ Public Comments of the Minnesota Department of Commerce Division of Energy Resources, Docket No. E-015/M-18-603 at 4 (Oct. 17, 2018).

for each year of the agreement revenues received from Verso would be higher than the Company's variable costs of serving Verso and that the extension would benefit the Company's customers by lowering their share of total fixed costs.¹⁶

34. In approving the 2018 ESA Amendment the Commission concluded:

The Commission agrees with the Department that the amendment is in the public interest, and will therefore approve the Petition. Keeping a large customer like Verso on Minnesota Power's system helps maintain lower rates for Minnesota Power's other customers, so Verso's commitment to purchase power through 2024 benefits all ratepayers.¹⁷

35. From 2015 through May 13, 2021, Verso purchased electricity from Minnesota Power under the ESA.

36. The term of the ESA runs through December 31, 2024, pursuant to the 2018 ESA Amendment, subject to the minimum notice of termination period.¹⁸

37. The 2005 ESA provides that NewPage was to purchase power according to its Service Requirement which is defined in the 2005 ESA as: "the sum of the Contract Demand and the Incremental Service Requirement."¹⁹

38. The 2005 ESA also includes provisions related to power purchased in excess of the Contract Demand that are not relevant to this Petition.

39. The 2005 ESA sets forth a Minimum Firm Demand.²⁰ Though the Contract Demand can be increased through contractual notice, the 2005 ESA provides that "in no event

¹⁶ *Id.* at 7.

¹⁷ *In the Matter of Minnesota Power's Petition for Approval of an Amendment to the Electric Service Agreement Between Verso Minnesota Wisconsin LLC and Minnesota Power*, Docket No. E-015/M-18-603, ORDER APPROVING AMENDMENT TO ELECTRIC SERVICE AGREEMENT at 3 (Feb. 12, 2019).

¹⁸ Ex. D at 1.

¹⁹ Ex. B at 4.

²⁰ See *Id.* at 4-5.

shall the Service Requirement and the Contract Demand be reduced below” the Minimum Firm Demand amount set forth in the ESA.²¹

40. Minnesota Power’s 2005 Petition for Approval of an Amended and Restated Electric Service Agreement Between Minnesota Power and Stora Enso North America Corp. regarded the 2005 ESA, and in particular the Service Requirement provision, as a typical “take-or-pay” arrangement.²²

41. Take or pay provisions are common in providing power to large power customers to protect “Minnesota Power and its ratepayers” through “fixed cost recovery.”²³

42. Such provisions operate to protect Minnesota Power from the “public concern” of “drastic and sudden revenue loss.”²⁴

43. The take or pay provision in the ESA requires that Verso pay for a contractually agreed-upon Minimum Firm Demand amount of power per month for a specified amount of time whether Verso uses the power or not.

44. The 2012 ESA Amendment, however, allows Verso to “reduce the Minimum Firm Demand to zero kW which reduction shall be come [sic] effective” after an agreed upon period.²⁵

45. The 2012 ESA Amendment also introduced a weekly payment scheme to manage risk as a result of NewPage’s 2011 Chapter 11 Bankruptcy declaration.²⁶

²¹ *Id.* at 9.

²² Docket E015/M-05-1989 at 6.

²³ *Id.* at 15.

²⁴ *Supra*, n. 14.

²⁵ Ex. C at 3.

²⁶ *Id.* at 3-4.

46. The weekly payment provisions provide that Verso is to pay a “weekly prepayment” based upon “Customer’s lowest monthly electric bill for the previous twelve months.”²⁷

47. When Verso purchased NewPage in 2015, it became bound by the ESA as if it executed the same. Verso reaffirmed that it was bound by the 2005 ESA and 2012 ESA Amendment in the 2018 ESA Amendment.²⁸

48. The 2018 ESA Amendment required a parent guaranty from Verso Corporation “[t]o secure [Verso’s] obligations to take or pay for the minimum amount of electric service under this Agreement[.]”²⁹ Minnesota Power and Verso Corporation, Verso’s parent, entered into a parent guaranty (“Guaranty”) on February 25, 2019.³⁰

4. Verso’s Termination of the ESA

49. In or around June 2020, Verso made public that it would indefinitely idle operations at the Mills and layoff nearly all of the 225 employees.³¹ Verso was apparently seeking buyers for the Mills at this time.³²

50. On or about January 29, 2021, Verso provided notice (“Termination Notice”) that it was (1) terminating the ESA; and (2) reducing its Minimum Firm Demand to zero kW per month effective after the period required by the ESA. A true and correct copy of the Termination Notice is attached hereto as Exhibit E.

²⁷ *Id.*

²⁸ Ex. D at 1.

²⁹ *Id.* at 2.

³⁰ Minnesota Power is not requesting that the Commission interpret or take any action with respect to the Guarantee. This information is provided for the purpose of providing context regarding the need for timely interpretation of the ESA.

³¹ <https://www.duluthnewstribune.com/business/manufacturing/6527871-Verso-to-indefinitely-idle-Duluth-paper-mill-Duluth-mayor-hopeful-plant-will-reactivate-in-some-form>

³² <https://www.duluthnewstribune.com/business/manufacturing/6761953-Active-negotiations-lift-hopes-that-idled-Duluth-paper-mill-may-be-revived>

51. The Termination Notice invoked Paragraph 3(N) of the ESA which allows Verso to reduce its Minimum Firm Demand to zero kW after an agreed upon period from the time Verso provides written notice. However, Paragraph 3(N) indicates that “In no event shall the [reduction] be effective prior to” the agreed upon period after notice is provided.

52. Paragraph 3(N) granted Verso the operational flexibility to limit its risk related to Minimum Firm Demand in exchange for the certainty provided by Verso’s inability to rescind such a notice: “Customer’s rescission or modification of such notice shall be permitted only at the sole discretion of the Company.”³³

53. In its Termination Notice, Verso admitted “that it will continue to be responsible for the payment of minimum Contract Demand charges” for the period specified in the ESA. But Verso requested that Minnesota Power “mitigate damages” under the ESA by “selling the firm demand that will not be sold to Verso to other customers of Minnesota Power or in the wholesale capacity markets.”

54. Neither the ESA nor the Commission’s Orders approving it and subsequent amendments contain any obligation for Minnesota Power to mitigate damages or find additional customers in the event that Verso provides notice of its reduction of Minimum Firm Demand or defaults on its take or pay obligations. Rather, Paragraph 3(N) of the ESA states that “[i]n no event shall [the reduction of Minimum Firm Demand] be effective prior to [the ESA-specified amount of time from] the date of such notification.”

55. Verso continued making its weekly payments pursuant to the ESA for contract obligations through May 13, 2021. Verso has made no further payments pursuant to the ESA.

³³ 2012 ESA Amendment at 3 (emphasis added).

56. On or about June 30, 2021, Minnesota Power sent notice of default on the ESA to Verso.

57. On July 8, 2021, Verso's counsel responded to Minnesota Power's notice of default.³⁴ Verso claimed that since Minnesota Power had entered into an agreement to provide electricity to ST Paper at the Mills, the Company had completely mitigated its losses under Verso's ESA. Verso further asserted that any attempt to enforce the take or pay provisions of the ESA "is not only nonsensical, it is illegal." Verso concluded by stating that "if Minnesota Power continues to try to double-collect for the same facility, Verso may be forced to file a complaint with the Minnesota Public Utilities Commission."

5. ESA with ST Paper

58. Sometime after Verso's July 2020 announcement that it was shuttering the Duluth Mills, it entered into discussions with ST Paper, LLC ("ST Paper") to sell the Duluth Mills to ST Paper.

59. As negotiations with ST Paper ramped up, on or about March 25, 2021, Verso sought to rescind the Termination Notice in an effort to assign the ESA to ST Paper, as evidenced by correspondence from Verso to Minnesota Power, a true and correct copy of which is attached hereto as Exhibit F.

60. Upon information and belief, Verso decided to attempt to assign the ESA to ST Paper so ST Paper would assume the take or pay obligations. But Verso chose to terminate the ESA first, meaning there was nothing to assign to ST Paper. Additionally, ST Paper never indicated any interest in taking assignment of the ESA even if Minnesota Power consented to Verso's rescission of its notice to terminate and reduce demand. Therefore, ST Paper is taking

³⁴ Ex. A.

service on a wholly new contract that does not change Verso's take or pay obligations under the existing ESA. That ESA remains Verso's, just as the Commission approved it and is part of Minnesota Power's rate book.

61. Minnesota Power denied Verso's request for rescission of its Termination Notice, which was at the Company's sole discretion pursuant to the terms of the ESA.

62. Verso closed on its sale of the Duluth Mills to ST Paper on or about May 13, 2021.

63. On or about May 6, 2021, Minnesota Power and ST Paper entered into a confidential term sheet for electric service to the Duluth Mills.

64. Based on the confidential terms with ST Paper, if Verso refuses to satisfy its obligations under the ESA, Minnesota Power will realize millions of dollars less in revenue than it would have under the ESA.

65. As a result, even if the new revenue from ST Paper were to offset Verso's default, Minnesota Power's losses from Verso's default will never be fully mitigated.

D. Specific Request for Relief

66. Minnesota Power requests that the Commission interpret the ESA to not require the Company to mitigate its damages because it was not specifically contemplated between the parties, required by the provisions of the ESA, or mandated by any Commission order.

67. Minnesota Power is not asking the Commission to make a determination of the amount owed under the ESA, but rather seeks only an interpretation of the ESA to ensure that the result intended by the Commission when it approved the ESA is effectuated.

68. “The primary goal of contract interpretation is to determine and enforce the intent of the parties.” *Qwinstar Corp. v. Anthony*, 882 F.3d 748, 754 (8th Cir. 2018), as amended (Feb. 26, 2018).

69. Here, Minnesota Power and Verso agreed to a take or pay arrangement where the buyer must pay whether or not it takes the product.

70. In doing so, the parties – each of whom are sophisticated, reputable businesses – specifically allocated the risk of invoking Paragraph 3(N) as set forth above.

71. Take or pay arrangements are akin to liquidated damages provisions. *See Lake River Corp. v. Carborundum Co.*, 769 F.2d 1284, 1292 (7th Cir. 1985). Where the parties have agreed to damages in the event of breach, there is no duty to mitigate. *Ross v. Garner Printing Co.*, 285 F.3d 1106, 1113 (8th Cir. 2002) (“Depending on the jurisdiction, a plaintiff is not ordinarily required to mitigate liquidated damages”).

72. Indeed at least one Court has held outright that there is no duty to mitigate take or pay damages. *World Fuel Servs., Inc. v. John E. Retzner Oil Co., Inc.*, 234 F. Supp. 3d 1234, 1241 (S.D. Fla. 2017) (“Breach of a take or pay agreement entitles the non-breaching party to payments it would have received under the contract with no duty to mitigate damages.”).

73. This principle was applied in *City of Memphis, Tenn., for & on Behalf of Memphis Light, Gas & Water Div. v. Ford Motor Co.*, 304 F.2d 845, 851 (6th Cir. 1962). There, the United States Court of Appeals for the Sixth Circuit held that Ford Motor Co. owed the power company the full minimum amounts specified in its power agreement despite its cessation of operations and the subsequent sale of the plant to another power customer. *Id.* at 853.

74. As set forth above, Verso agreed to pay Minnesota Power for the agreed upon Minimum Firm Demand each month whether or not it used the power. This term was to extend for an agreed upon period beyond notice of reduction of Minimum Firm Demand to zero kW pursuant to Paragraph 3(N) of the ESA.

75. As set forth above, Verso admitted that it owes Minnesota Power payment for Minimum Firm Demand for the period set forth in the ESA.

76. Because the parties negotiated the risk of “permanent cessation of operations” in Paragraph 3(N) of the ESA and the parties have agreed to invoke that provision, the parties intentions are clear and unambiguous. That section of the ESA clearly states that “in no event” shall Verso’s obligation to pay Minimum Firm Demand be reduced prior to the passing of the agreed upon amount of time after Verso provides written notice.

77. Had the parties intended to include a duty to mitigate in the event of termination by Verso, such terms would have been included in the ESA.

78. Furthermore, if the parties intended to require Minnesota Power to forego any further recovery from Verso if it acquired a new customer despite receiving lower levels of revenue from that customer, then such terms would have been included in the ESA.

79. Minnesota Power requests that the Commission interpret the ESA to require Verso to pay the contracted amounts regardless of any subsequent customers at the Duluth Mills.

80. If the Commission determines that the ESA requires revenues obtained through a new customer at the Duluth Mills be used to offset Verso’s ESA payment obligations, then Minnesota Power requests that the Commission determine that Verso is responsible under the

ESA to pay the difference between the revenues received from ST Paper during the applicable time period and the minimum payments due under the ESA.

CONCLUSION

Minnesota Power respectfully requests that the Commission approve this Petition and interpret the ESA to require Verso to fulfill its take or pay obligations regardless of the addition of a new, separate agreement on Minnesota Power's system. This will ensure that Minnesota Power recovers at least some of the revenues contemplated in the last rate case and affirmed in the Commission's approval of the 2018 ESA Amendment. Clarification that large power take or pay agreements do not include an assumption that the public utility has a duty to mitigate will also clarify the terms of similar ESAs within the Commission's jurisdiction and provide clarity for parties negotiating future agreements.

Minnesota Power has an obligation to assure the health of the business in order to continue providing essential services to its customers. Minnesota Power has a public responsibility to collect all revenues which are due and owing to protect customers from needless rate increases. In addition, there is sound legal and factual basis for refusing to interpret the ESA to require Minnesota Power to mitigate its losses.

August 2, 2021

Respectfully submitted,

MINNESOTA POWER



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ATTORNEYS FOR MINNESOTA POWER

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Docket No. E015/M-21-_____

In the Matter of Petition for Interpretation
of Terms and Conditions of Service to
Verso Minnesota Wisconsin LLC

PETITION

SUMMARY OF FILING

Pursuant to Minn. Stat. §§ 216B.03, 216B.04, 216B.05, subd. 2a, 216B07, 216B.16, 216B.17, 216B.21, 216B.25, and Minn. R. 7829.1300, Minnesota Power (or the “Company”) petitions the Minnesota Public Utilities Commission (“Commission”) for an order interpreting the Electric Service Agreement as amended (“ESA”) between Minnesota Power and Verso Minnesota Wisconsin LLC (“Verso”) finding that Verso has tariff obligations and owes minimum “take or pay” payments (“Minimum Firm Demand”) during the term of the ESA, as approved by the Commission. The ESA unambiguously provides for the continued payment of Minimum Firm Demand for a specified period following notice that Verso is reducing its demand to zero kilowatts. Verso disputes whether Minnesota Power is under an obligation to forego take or pay revenues due to its negotiation of a new ESA with a new industrial customer that is a different entity and does not provide close to the same level of revenue during the take or pay period. A Commission determination that large power take or pay agreements do not include an assumption that the public utility has a duty to mitigate will clarify Verso’s obligations under the ESA and also provide clarity for parties within the Commission’s jurisdiction that have, or will negotiate in the future, similar take or pay agreements.

July 8, 2021

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VIA E-MAIL DMOELLER@ALLETE.COM

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Re: Response to Notice of Default

Dear Mr. Moeller and Mr. Skelton:

Our client, Verso Minnesota Wisconsin LLC (“Verso”), received Minnesota Power’s purported Notice of Default letter dated June 30, 2021 related to the parties’ Electric Service Agreement.

As background, on January 29, 2021, Verso delivered notice to Minnesota Power under the Electric Service Agreement that Verso was planning to cease operations at the Duluth Paper Mill and Duluth Recycled Pulp Mill (“Mills”) permanently as of January 31, 2021. In that same letter, Verso notified Minnesota Power that it expected Minnesota Power to use good faith efforts to mitigate its damages, if any, under the Electric Service Agreement.

Soon after, on March 25, 2021, Verso asked Minnesota Power pursuant to Section 4(C) of the Electric Service Agreement to give its written consent to rescind Verso’s termination and to assign the Electric Service Agreement to ST Paper so that ST Paper could restart the Mills and take over Verso’s obligations under the Electric Service Agreement. Minnesota Power refused to do so, and it is our understanding that Minnesota Power subsequently signed at least one and possibly two new electric service agreements with ST Paper, thereby allowing ST Paper to obtain capacity and energy for the Mills.

Verso stopped paying invoices for capacity and energy at the Mills after it transferred ownership of the Mills to ST Paper. Minnesota Power, however, apparently believes it should now get to collect capacity and energy payments under multiple separate ESAs from both the facility’s prior owner (Verso) and its current owner (ST Paper) at the same time. Such double-collection is not only nonsensical, it is illegal.

Our position, which we have reiterated with Minnesota Power numerous times, is that Minnesota Power’s new agreement(s) with ST Paper more than mitigate any and all potential damages to Minnesota Power caused by Verso’s closure of the Mills under the ESA. In fact, it is our strong

Mr. David R. Moeller, Esq.
July 8, 2021
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belief that between Verso's original notice date (January 29, 2021) and January 29, 2025 (the ESA's termination date), Minnesota Power will actually see **a significant monetary net benefit** by gaining ST Paper as a new customer as compared to Verso shutting down the Mills permanently under the existing ESA.

At base, Minnesota Power appears to be trying to take advantage of Verso's decision to close the Mills to unjustly enrich itself. Please note that if Minnesota Power continues to try to double-collect for the same facility, Verso may be forced to file a complaint with the Minnesota Public Utilities Commission.

Should you have any questions, let me know.

Respectfully,



Brian H. Potts

BHP

**AMENDED AND RESTATED ELECTRIC SERVICE AGREEMENT BETWEEN
STORA ENSO NORTH AMERICA CORP. AND MINNESOTA POWER**

THIS AGREEMENT, entered into this 15 day of November 2005 between Stora Enso North America Corp., a Wisconsin Corporation (“Customer”), and Minnesota Power (“Company”), such parties also being hereinafter referred individually as “Party” or collectively as “Parties.”

WHEREAS, Company and Customer entered into a Restated Electric Service Agreement Between Consolidated Papers, Inc. (Lake Superior Paper Industries and Superior Recycled Fiber Industries), and Minnesota Power dated August 1, 1997, with all Supplements, Amendments and Revisions thereto, including the Amendments dated September 29, 2000 and January 24, 2003, by which, and subject to the terms thereof, Company agreed to deliver and Customer agreed to purchase its electric power and energy requirements at Customer’s Duluth Paper Mill and Duluth Recycled Pulp Mill facilities located in Duluth, Minnesota through April 2009; and

WHEREAS, the Parties desire to enter into an Amended and Restated Electric Service Agreement, which includes extending the term of the Parties’ agreement through at least August 31, 2013;

NOW THEREFORE, in consideration of these premises and of the mutual agreements made herein, the parties hereby enter into this Amended and Restated Electric Service Agreement (“Agreement”) as follows:

1. DEFINITIONS.

Definitions of terms to be used throughout this Agreement are as follows:

- A. Commission** shall mean the Minnesota Public Utilities Commission.
- B. Contract Demand** shall be the kW established in Paragraph 3(B) and shall be synonymous with Firm Power Billing Demand for purposes of applying the Large Power Service Schedule.

- C. **Department** shall mean the Minnesota Department of Commerce.
- D. **Duluth Paper Mill and Duluth Recycled Pulp Mill ("DPM/DRPM")** shall mean the facilities and equipment at the Point of Delivery more specifically described in Paragraph 3(K).
- E. **Energy** shall mean the electric consumption requirement measured in kilowatt-hours ("kWh").
- F. **Fixed Price Interruptible Service** shall mean the service defined in Paragraph 3(H).
- G. **Holidays** shall mean New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas Eve Day, Christmas Day and New Year's Eve Day.
- H. **Incremental Production Service** shall mean service provided under the Rider for Large Power Incremental Production Service as set forth therein and in Paragraph 3(J). The Rider for Large Power Incremental Production Service shall mean the Rider approved by the Commission on February 4, 1999 in Docket No. E-015/M-98-1414 or any superseding rider or another applicable tariff or schedule.
- I. **IPST** shall mean the Incremental Production Service Threshold as defined in the Rider for Large Power Incremental Production Service and Paragraph 3(J).
- J. **Incremental Service Requirement** shall be the kW of established Service Requirement in the month in excess of the Contract Demand as specified in Paragraph 3(C) and shall be synonymous with Excess Power Billing Demand for purposes of applying the Large Power Service Schedule.
- K. **Interruptible Service** shall mean service provided under the Rider for Large Power Interruptible Service as set forth therein but as modified in Paragraphs 3(D) and 3(H). The Rider for Large Power Interruptible Service shall mean the Rider approved by the Commission on June 8,

2001 in Docket No. E-015/M-01-465 or any superseding rider or another applicable tariff or schedule.

L. kW-Day shall have the meaning provided in Paragraph 3(G).

M. Large Power Service Schedule shall mean the Company's Large Power Service Schedule 54 as approved by the Commission in Docket No. E-015/GR-94-001 and E-015/M-95-596 on May 31, 1995 and July 24, 1995, respectively, or any superseding rate schedule or another applicable tariff or rider as provided in Paragraph 3(L).

N. Locational Marginal Price (LMP) shall mean the market clearing price for energy at a given Commercial Node in the Transmission Provider Region which shall be equivalent to the marginal cost of serving demand at the Commercial Node as further defined in the MISO Open Access Transmission and Energy Markets Tariff.

O. MAPP shall mean the Mid-Continent Area Power Pool or its successor organization.

P. MISO shall mean the Midwest Independent Transmission System Operator or its successor organization.

Q. Nomination Period shall mean the four-month periods beginning May 1, September 1, and January 1. Uniform Nomination Period Increases and Non-Uniform Nomination Period Increases shall have the meanings given in Paragraphs 3(E)(i) and 3(E)(ii), respectively.

- i. **Summer Nomination Period** shall mean the four-month period from May 1 through August 31.
- ii. **Non-Summer Nomination Period** shall mean the four-month periods from September 1 through December 31 and from January 1 through April 30.

R. Paragraph shall mean a paragraph set forth in this Agreement unless the paragraph is specifically referenced as being contained in another document.

S. **Point of Delivery** shall be on the 115,000 volt side of the Customer's portion of the jointly owned substation located at the Northeast corner of Customer's mill site in Duluth, Minnesota.

T. **Power** shall mean the electric demand requirement measured in kilowatts ("kW").

U. **Service Requirement** shall mean the sum of the Contract Demand and the Incremental Service Requirement.

Other terms used in this Agreement which are not defined in this Paragraph shall have the definitions provided in the Large Power Service Schedule, any applicable Riders thereto, the Company's Electric Service Regulations, applicable MAPP or MISO tariffs, schedules or agreements, or any other applicable tariff or schedule as such terms may be defined therein.

2. **TERM OF AGREEMENT**

This Agreement shall be effective retroactive to December 1, 2005, subject to Minnesota Public Utilities Commission approval, with the initial term of this Agreement extending through August 31, 2013 without any right of prior termination. Service shall continue thereafter until and unless this Agreement is terminated in accordance with its terms. Either party may terminate this Agreement by written notice to the other delivered at least four years prior to termination, provided, however, that termination shall not be effective prior to 11:59 p.m. on August 31, 2013 or a later date of termination specified at least four years in advance.

3. **SERVICE UNDER THE LARGE POWER SERVICE SCHEDULE**

A. **Service Requirement**. Customer agrees to purchase and pay Company for Firm Power, Excess Power and associated Energy in the quantities and during the billing months stated below:

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<u>Billing Months</u>	<u>Service Requirement (kW)</u>
[REDACTED]	[REDACTED]

For the purposes of determining demand charges under the Large Power Service Schedule, the Contract Demand and Incremental Service Requirement as specified in Paragraph 3(B) and 3(C), and as may be adjusted pursuant to Paragraphs 3(D), 3(E) and 3(H) will be used to establish the Firm, Excess Power and Fixed Price Interruptible Service Billing Demands.

During each billing month Customer shall be obligated to purchase all of its electric service requirements at its Duluth Paper Mill and its Duluth Recycled Pulp Mill from the Company to the extent such electric service requirements are not served by Customer-owned generation located on site at Customer's Duluth Paper Mill or Duluth Recycled Pulp Mill. These electric service requirements shall be in addition to and not in replacement of any other obligation arising under this Agreement, including but not limited to the Service Requirement, Contract Demand and Incremental Service Requirement and other commitments made in Paragraphs 3(A) through 3(C).

B. Contract Demand. The Contract Demand for the December 2005 through August 2013 (and thereafter) billing months shall be as set forth below:

<u>Billing Months</u>	<u>Contract Demand (kW)</u>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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During all billing months except as noted below, the [redacted] of Customer's Service Requirement shall be Contract Demand. During the [redacted] of Customer's Service Requirement for each billing month shall be Contract Demand, and whenever Customer's Service Requirement is [redacted] [redacted] shall also be Contract Demand for [redacted] (ii) [redacted] shall be Contract Demand for [redacted] [redacted] (iii) [redacted] shall be Contract Demand for [redacted] and (iv) [redacted] shall be Contract Demand for [redacted]

Except as otherwise provided in (i) Paragraph 3(E) with respect to Non-Uniform Nomination Period Increases, and (ii) Paragraph 3(H) with respect to Interruptible Service, Energy taken by Customer during each billing month attributable to the Contract Demand as stated above shall be considered Firm Power Energy and billed in accordance with the applicable provisions of the Large Power Service Schedule. The [redacted] of Firm Power that was converted from Interruptible Service in September 2000 shall be subject to the conversion premium of [redacted] kW-month through [redacted]

C. Incremental Service Requirement. The Incremental Service Requirement during the December 2005 through August 2013 (and thereafter) billing months shall be as set forth below:

<u>Billing Months</u>	<u>Incremental Service Requirement (kW)</u>
[redacted]	[redacted]

Except as otherwise provided in Paragraph 3(H) with respect to Interruptible Service, energy taken by Customer during each billing month attributable to the Incremental Service Requirement as stated above shall be considered Firm Power Energy and billed in accordance with the Large Power Service Schedule. Energy attributable to any Measured Demands in excess of the IPST shall be billed

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as provided in the Rider for Large Power Incremental Production Service. Any increases in Power and Energy requirements needed to serve any new equipment or machinery installed or brought into commercial operation that enables Customer to maintain, increase or improve the efficiency and/or production of the existing paper, pulp and/or recycled pulp production lines, shall be served as Incremental Service Requirement (subject to Paragraph 3(E)). In addition, a new pulp line that will serve the existing paper machine shall also be served as Incremental Service Requirement (subject to Paragraph 3(E)).

D. Fixed Price Interruptible Service. During the [REDACTED] [REDACTED] billing months, whenever Customer's Service Requirement is [REDACTED] [REDACTED] of Customer's Service Requirement shall be Fixed Price Interruptible Service; in the event that Customer's Service Requirement for any billing month is [REDACTED] [REDACTED] shall be Fixed Price Interruptible Service. During the [REDACTED] [REDACTED] billing months, the demand charge for Customer's Fixed Price Interruptible Service shall be as provided in Paragraph 3(H)(i), and energy taken by Customer during each billing month attributable to Fixed Price Interruptible Service shall be considered Fixed Price Interruptible Energy and billed in accordance with the provisions of Paragraph 3(H)(ii). (Several examples of how Paragraphs 3(B), 3(C), and 3(D) will be applied in determination of billing demands during the [REDACTED] [REDACTED] billing months are contained in Exhibit A to this Agreement. Should there be any discrepancy between Exhibit A and the language of the Agreement, the language of the Agreement shall prevail.)

E. Increases and Decreases in Service Requirements.

i) Uniform Nomination Period Increases. Customer may elect to increase its Contract Demand and/or Incremental Service Requirement to a uniform level (i.e. the same kW amount) for all four billing months in a Nomination Period by providing Company with written notice on or before each successive August 1, December 1 and March 1 for subsequent Summer and Non-Summer Nomination Periods, respectively. Such an election will be considered a Uniform Nomination Period Increase. Upon receipt of a Uniform Nomination Period Increase notice from

Customer, the Service Requirement, Contract Demand, Incremental Service Requirement and Fixed Price Interruptible Service levels for each billing month in such Nomination Period set forth in Paragraphs 3(A), 3(B), 3(C) and 3(D), respectively, will be increased to the level specified in such notice. As provided in Paragraph 3(C), Energy taken by Customer during each billing month attributable to the Incremental Service Requirement levels established hereunder shall be considered Firm Power Energy and billed in accordance with the Large Power Service Schedule.

ii) Non-Uniform Nomination Period Increases. Customer may elect to increase its Contract Demand and/or Incremental Service Requirement for all four months in a Nomination Period to non-uniform levels (i.e. varying kW amounts) by providing Company with written notice on or before each successive August 1, December 1 and March 1 for subsequent Summer and Non-Summer Nomination Periods, respectively. Such an election will be considered a Non-Uniform Nomination Period Increase. Upon receipt of a Non-Uniform Nomination Period Increase notice from Customer, the Service Requirement, Contract Demand, Incremental Service Requirement and Fixed Price Interruptible Service levels for each billing month in such Nomination Period set forth in Paragraphs 3(A), 3(B), 3(C) and 3(D), respectively, will be increased to the kW levels specified in Customer's notice. As provided in Paragraph 3(C), Energy taken by Customer during each billing month attributable to the Incremental Service Requirement levels established hereunder shall be considered Firm Power Energy and billed in accordance with the Large Power Service Schedule. Notwithstanding the provisions of Paragraph 3(A), all kW of Incremental Service Requirements established pursuant to this Paragraph which exceed the minimum level of uniform commitments within such Pool Season shall be billed as Firm Power Billing Demand in accordance with the Large Power Service Schedule.

iii) Service Requirement Increases During a Nomination Period. Should Customer determine, after providing the notice required in Paragraphs 3(E)(i) or 3(E)(ii), that a higher Service Requirement level is necessary, Customer may elect to increase the Contract Demand set forth in Paragraph 3(B) for one or more billing months within the Nomination Period by providing Company with written notice prior to the start of the calendar month in which the increased Service Requirement is needed. Upon receipt of such notice from Customer, the Service Requirement and the

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Contract Demand levels for such billing month(s) set forth in Paragraphs 3(A) and 3(B), respectively, will be increased to the kW level specified in Customer's notice. Notwithstanding the provisions of Paragraph 3(B), Energy taken by Customer during each billing month attributable to any Contract Demand levels established under this Paragraph 3(E)(iii), shall be considered Excess Power Energy and billed in accordance with the Large Power Service Schedule.

iv) **Measured Demands In Excess of Established Service Requirement.** In the event Customer incurs Measured Demand for a billing month which exceeds the Service Requirement established under any of the provisions of Paragraph 3 plus the allowable level of Incremental Production Service for such billing month, Customer's Contract Demand and Service Requirement for that billing month and all remaining billing months within that Nomination Period will be increased to match the level of Measured Demand incurred by Customer. Energy taken by Customer during each billing month attributable to any Contract Demand levels established under this Paragraph 3(E)(iv), shall be considered Excess Power Energy and billed in accordance with the Large Power Service Schedule.

v) **Service Requirement Increases or Decreases during a Nomination Period.** Should Customer determine, after providing the notice required in Paragraphs 3(E)(i) or (ii), that a revised Service Requirement level is required for the Summer Nomination Period, the Customer may increase or decrease the Contract Demand and/or Incremental Service Requirement by a maximum of [REDACTED] for up to two billing months within each Summer Nomination Period by providing Company with written notice on or before April 1. Upon timely receipt of such notice from Customer, the Service Requirement, Contract Demand, Incremental Service Requirement and/or the Fixed Price Interruptible Service levels set forth in Paragraphs 3(A), 3(B), 3(C) and/or 3(D), respectively, will be increased or decreased to the kW level specified in Customer's notice for such billing month(s). However, in no event shall the Service Requirement and the Contract Demand be reduced [REDACTED] using this Paragraph 3(E)(v).

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vi) **Examples.** Hypothetical examples of how this Paragraph 3(E) will be applied are contained in Exhibit B to this Agreement. Should there be a discrepancy between Exhibit B and the language of the Agreement, the language of the Agreement shall prevail.

vii) **No Limitation.** Nothing in this Agreement shall be construed as limiting Customer's right to increase the level of Service Requirement [REDACTED] provided the notice requirements of Paragraph 3(E)(i) or (ii) are met.

F. Billing of Replacement Power for Customer-Owned Turbine Generator Outages. Customer has an existing [REDACTED] non-condensing steam generation unit that is taken down for a major scheduled outage approximately every five years, and there may be occasions when the turbine generator has extended forced outages where the Customer requires Power from the Company in addition to the Service Requirement set forth in Paragraph 3(A). In the event of an outage for which Customer desires to purchase replacement Power, Customer must provide notice to Company at least two business days prior to the start of a scheduled outage or within one business day following the start of a forced outage. At such times the Company and Customer will determine what additional Power and Energy is required to replace the lost generation from Customer's [REDACTED] turbine generator. The amount of such additional Power and Energy is dependent on the month of the year and the steam availability from Duluth Steam District No. 2 ("DSD2"), and shall be determined at the time of the occurrence. The additional amount of Power will be billed as Incremental Service Requirement and all Energy associated with such Power will be considered Firm Power energy for the Billing Month in which the outage occurred. In the event Customer and Company are unable to agree on such replacement Power and Energy levels, the average kW generated by the unit in the same month of the previous calendar year in which Customer operated the unit will be used to establish such Power and Energy requirements.

G. Allowance for Scheduled Maintenance. Customer may elect to be billed at the Measured Demand instead of the Service Requirement for an unlimited number of annual occurrences that are each greater than [REDACTED] duration in order to correspond with Customer's scheduled maintenance shutdowns. The reduction in kW-Days (as that term is defined in this

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Paragraph) resulting from any such elections shall not exceed [REDACTED] kW-Days in any calendar year, and under no circumstances can the provisions of this Paragraph be utilized to reduce Customer's Firm Power Billing Demand to a level [REDACTED]. A kW-Day shall be calculated by multiplying the number of kilowatts by which Customer's Measured Demand is below the Service Requirement established pursuant to Paragraph 3 by the number of days which a maintenance shutdown lasts. For example, if Customer's maintenance shutdown reduces Measured Demand to [REDACTED] in a month in which Customer has established a [REDACTED] Service Requirement, and the shutdown lasts for three and one-half days (84 hours), Customer would have utilized [REDACTED] kW-Days of the [REDACTED] kW-Day allowance for that calendar year. Company must receive written notice no later than [REDACTED] (excluding weekends and Holidays) prior to the start of each scheduled maintenance period. The billing months that include such maintenance periods will be prorated accordingly. If after issuing notice under the terms of this Paragraph, Customer wishes to reschedule the maintenance shutdowns, Customer may do so at the sole discretion of Company.

H. Large Power Interruptible Service. Customer shall continue to take [REDACTED] of Interruptible Service through [REDACTED] in accordance with the terms of the Rider for Large Power Interruptible Service (the "Interruptible Rider"). Notwithstanding the foregoing, beginning [REDACTED] Customer's [REDACTED] of Large Power Interruptible Service will be defined as Fixed Price Interruptible Service and will be billed as follows from [REDACTED]

(i) An Interruptible Demand Charge of [REDACTED] kW-month and an Interruptible Demand Credit of [REDACTED] kW-month will apply to Customer's Fixed Price Interruptible Service. These demand charges and credits will replace the demand charges and credits described in the Large Power Service Schedule and the Rider for Large Power Interruptible Service.

(ii) Energy associated with Fixed Price Interruptible Service will be priced at the Large Power Firm Energy Charge [REDACTED] (kWh) plus fuel adjustment plus an energy supply cost adder reflective of Company's Fixed Priced Interruptible Service supply acquisition costs. The energy supply cost adder for on-peak hours (Monday-Friday 6:00 a.m. to 10:00 p.m.) will initially be

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[REDACTED] kWh, and will be [REDACTED]
[REDACTED] The energy supply cost adder for all other hours will be [REDACTED] kWh.

(iii) Fixed Price Interruptible Service will remain subject to all Conditions described in the Rider for Large Power Interruptible Service.

I. Price Recall. Except as provided in this Paragraph, Customer shall pay the Large Power Firm Energy Charge for all energy associated with [REDACTED] of Firm Service that was converted from Interruptible Service in September 2000 (the "Converted Amount"), and Customer shall pay the Fixed Price Interruptible Energy Charge for all energy associated with the [REDACTED] of Fixed Price Interruptible Service as defined in Paragraph 3(H). In connection with Customer's conversion of Interruptible Service to Firm Service and Customer's selection of Fixed Price Interruptible Service, Company shall have the right to re-price and Customer shall have the obligation to pay for the Converted Amount of Customer's Firm Service and for Customer's Fixed Price Interruptible Service for fifty (50) hours per calendar year (the "Price Recall Periods") through [REDACTED] under the following terms and conditions:

(i) During Price Recall Periods, Customer may choose to either: (a) curtail usage of the Converted and the Fixed Price Interruptible Amounts; (b) pay the market-based energy price (the "Recall Price") for the Converted and the Fixed Price Interruptible Amounts; or (c) curtail in part and pay the Recall Price for the remaining Converted and Fixed Price Interruptible Amounts. Energy usage and the fuel costs representing the highest firm energy cost associated with the Converted and Fixed Price Interruptible Amounts during Price Recall Periods will be excluded under the Company's fuel adjustment calculations.

(ii) Company will provide Customer advance notice of at least one (1) hour prior to each Price Recall Period. At the time of notification of a Price Recall Period, Company will provide Customer the market-based Recall Price that will apply to any energy usage associated with converted Interruptible and Fixed Price Interruptible load ("Price Recall Energy") during the Price Recall Period. The Recall Price will be the price determined by Company based on the applicable

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estimated MISO Locational Marginal Price (as defined by MISO) or a mutually agreed source or process utilizing the market price of energy. If, after setting the Recall Price, the market price or the forecast price of energy changes significantly, Company may revise the Recall Price up to two times during each Price Recall Period, if necessary, due to such significant changes in market conditions. For purposes of this provision, a significant change shall be defined as one that results in an increase or decrease of at least [REDACTED] from the Recall Price provided to Customer at the initiation of the Recall Period.

(iii) Each Price Recall Period will last for a minimum of four (4) hours and maximum of thirteen (13) hours. Price Recall Periods will occur between 6:00 a.m. and 10:00 p.m. (Central Prevailing Time) and will begin and end on the top of the hour. Company will notify Customer of the estimated duration of the price Recall Period; however, early termination of the Price Recall Period may be necessary in the event of changes in generating unit availability or transmission constraints, and will result in a minimum of four (4) hours applied to the fifty (50) hour annual obligation.

(iv) The Price Recall Energy associated with the Converted Amount will be the Customer's last increment of Firm Energy usage each hour after all other Firm Energy has been billed at the standard Firm Energy Charge plus fuel adjustment. For example, if Customer has [REDACTED]
[REDACTED]
[REDACTED] would be Price Recall Energy.

(v) If Customer curtails usage during a Price Recall Period according to this Paragraph and, as a result, the Company makes an off-system sale when the applicable MISO Locational Marginal Price (as defined by MISO) exceeds [REDACTED]
[REDACTED]

J. Large Power Incremental Production Service. Customer shall have the right to purchase Incremental Production Service ("IPS") from the Company whenever the Customer's Measured Demand exceeds the Incremental Production Service Threshold ("IPST") under the terms

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of the Rider for Large Power Incremental Production Service. The IPST shall initially be set at [REDACTED] and shall remain at this level unless the Service Requirement is adjusted upward above [REDACTED]. In such an event, the IPST shall be increased by an amount equivalent to the corresponding increase in the Service Requirement. Excess reactive demand will be calculated as indicated in the Large Power Service Schedule; provided, however, Company will not bill the Customer for any excess reactive demand adjustments associated with metered demands above the IPST as long as such adjustments do not exceed [REDACTED]. If such adjustments exceed [REDACTED] Company may, at its sole discretion, bill the Customer, and Customer shall pay, for any excess reactive demand above [REDACTED] at the Excess Power Billing Demand charge. Incremental Production Service can be utilized by Customer for operation of any production lines existing as of December 1, 2005, even if such Incremental Production Service usage exceeds [REDACTED] of the IPST.

K. All Electric Service Requirements. During the term of this Agreement, Customer agrees and shall be obligated to purchase from the Company, all of the Power and Energy required to operate Customer's Duluth Paper Mill and Duluth Recycled Pulp Mill (DPM/DRPM) facilities located in Duluth, Minnesota, including but not limited to all grinding, de-inking, pulping, processing and production machinery and equipment along with all appurtenant facilities ("Duluth Paper Mill and Duluth Recycled Pulp Mill" facilities equipment) associated with the existing production lines as of December 1, 2005 to the extent such electric service requirements are not served by Customer-owned generation located on site at Customer's Duluth Paper Mill or Duluth Recycled Pulp Mill. To the extent Customer requires electric service for a new paper production line, including a new pulp (mechanical, chemical or recycle) production line needed for the new paper line, Customer and Company agree to enter into good faith negotiations to reach agreement on a new Service Requirement level and on other appropriate terms and conditions for the purchase of such electric service which shall be subject to any applicable regulatory approval; provided, however, that failure to reach agreement on such terms or obtain regulatory approval thereof shall not affect any other aspect of this Agreement. Any increase in Service Requirement level over [REDACTED] for such newly constructed facilities would require that the Power and Energy requirements be purchased under the terms of the Large Power Surcharge paragraph of the Large Power Service Schedule or any superseding rate schedule or rate rider. The entire electric service requirement commitment provided

in this Paragraph shall be in addition to, and not in replacement of, any other obligation arising under this Agreement. In the event Customer acquires an equity ownership interest in DSD2 during the term of this Agreement, Customer and Company agree that the DSD2 Power and Energy requirements shall be covered by the provisions of this Paragraph. In addition, Customer and Company agree to negotiate a new IPST level which incorporates the DSD2 Power requirements with the Duluth Paper Mill and Duluth Recycled Pulp Mill Power requirements and allows for combined billing of DSD2 with the Duluth Paper Mill and the Duluth Recycled Pulp Mill. In the event Customer acquires a controlling ownership interest in other pulp or paper mills located within Company's service area in Northern Minnesota, Company agrees to negotiate in good faith to apply the combined metering and billing provisions of this Agreement to the combined Power requirements of the Duluth Paper Mill and the Duluth Recycled Pulp Mill and such newly acquired mills.

L. Applicable Rate Schedule(s).

(i) Customer will pay for all service in accordance with the Large Power Service Schedule and any applicable Riders thereto in effect from time to time, except as otherwise provided in this Agreement. The Large Power Service Schedule and applicable Riders are attached hereto as Exhibit C and are incorporated by reference and made a part hereof. Said Schedule and Riders shall be replaced by any applicable superseding schedules and riders and such new schedules and riders or other new rates or prices shall become effective as soon as permitted by any regulatory body having jurisdiction, and such replacement will not require concurrence or acceptance by Customer unless otherwise provided in this Agreement.

(ii) In the event that the Commission's regulatory responsibilities are altered and/or the Commission ceases to regulate the bundled retail electric service rates of Customer during the term of this Agreement, Customer and Company agree that all of the rates, terms, conditions and other provisions applicable to Company's sale of electric service to Customer then contained in any rate schedule, tariff, rider or electric service regulation shall, to the extent necessary to effectuate enforcement of this Agreement, be incorporated within and become part of this Agreement.

(iii) With respect to rates and charges that are adjusted on a monthly or annual basis pursuant to Commission and/or Department oversight and which cannot continue to be adjusted by applying the existing rate schedules, riders, tariffs or service regulations absent such regulatory oversight, Customer and Company agree to use good faith efforts to promptly determine an appropriate substitute adjustment mechanism which most closely tracks the adjustment mechanism that can no longer be applied. Such adjustment mechanisms would include by way of example and not limitation, the Conservation Program and Fuel Adjustments. In the event the parties are unable to reach an agreement on an appropriate substitute adjustment mechanism which most closely tracks the discontinued adjustment mechanism within 60 days of the date legislation or administrative action invalidating the adjustment mechanism became effective, the matter shall be submitted for arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Parties agree that such Commercial Arbitration Rules will be varied if necessary to provide for three arbitrators, with one arbitrator to be selected by each Party and the third arbitrator to be selected by the other two arbitrators so chosen. The decision of the arbitrators shall apply retroactively to the date the adjustment mechanism ceased to be in effect.

M. Targeted Renewable Energy Option. Company agrees to enter into good faith negotiations with Customer to allow Customer to purchase renewable energy as the first energy through the meter should Customer request such an energy product. Such negotiations will be dependent on the final rules, regulations and requirements for renewable energy as set by the Federal government and the State of Minnesota, as well as be contingent upon Company having available sources of renewable energy that it is able to sell and target. Such a purchase of renewable energy would need to have a billing provision that would provide for the incremental cost of such renewable energy to be recovered from Customer.

4. GENERAL

A. Operating Practices. Operating practices and standards of performance shall conform to those recognized as sound practices within the utility industry. In making delivery of power, Company shall exercise such care as is consistent with normal operating practice through the

use of all available facilities to minimize and smooth out the effects of sudden load fluctuation or other voltage or current characteristics as may be detrimental to Customer's operations. Customer shall not purchase any service from the Company for purposes of resale of said service to any other entity or to the Company.

B. Metering. All Power and Energy delivered hereunder by Company to Customer at the Point of Delivery shall be measured and recorded on Company's metering equipment installed on the 115,000 volt side of Company's substations.

C. Successors and Assigns. This Agreement shall be binding upon the respective parties, their successors and assigns, on and after the effective date hereof; provided, however, that neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not unreasonably be withheld.

D. Electric Service Regulations. Company's Electric Service Regulations attached hereto as Exhibit D, are made a part of this Agreement insofar as they are appropriate and applicable to and not inconsistent with this Agreement.

E. Regulation and Administrative Approval. Company makes no representation as to the level or design of future rates which may be proposed by the Company for implementation, or implemented by the Commission or another regulatory body having jurisdiction for electric service rendered Customer under this Electric Service Agreement. Customer acknowledges that rates charged under the Service Agreement are not fixed, but that Electric Service is made available by Company at the rates and under the terms and conditions set forth in the currently applicable Rate Schedule, Riders, and Electric Service Regulations or other superseding Rate Schedules, Riders, and Electric Service Regulations in effect from time to time. All the rates and regulations referred to herein are subject to amendment and change by the Company. Said amendments or changes may be subject to acceptance or approval by any regulatory body having jurisdiction thereof. All rates and regulations not subject to jurisdiction of regulatory authority may be changed by mutual agreement of the parties hereto. This Agreement may be subject to approval or acceptance by any regulatory

body having jurisdiction thereof. Customer retains all rights to oppose or otherwise participate in any proceedings before the Commission in which it becomes a party.

F. New Rates & Services. If Company offers new or lower rates, services, and/or other terms or conditions ("new rates") to other present or future members of the Large Power Class (or its successor), and such new rates are approved by the Commission or other appropriate regulatory agency, if necessary, and, to the extent Customer's then existing contractual commitments, financial situation, and operating circumstances either are consistent with, or with customer's agreement could be modified so as to be consistent with, the contractual commitments, financial situation and operating circumstances of such other customer(s); such new rates will be made available to Customer through Riders, tariffs, Rate Schedules or amendments to this Agreement as may be mutually agreed to by Customer and Company following negotiations to implement such new rates as may be required by the provisions of the Minnesota Public Utilities Act (Minn. Stat. §216B.01 *et. seq.*). The provisions of this Paragraph shall apply throughout the entire term of this Agreement notwithstanding any changes in the Minnesota Public Utilities Act or significant alteration of the Commission's regulatory responsibilities.

G. Post Effective Date Liabilities. Notwithstanding any provision in any Rate Schedule, Rider, Electric Service Regulation, or tariff to the contrary, Company shall not seek, and Customer shall have no obligation to pay, any exit fee or other charge attributable to recovering stranded costs or stranded investments after the effective date of this Agreement except to the limited extent that any such costs or investments are currently being recovered through the Large Power Service Schedule.

H. Effective Date. This Amended and Restated Electric Service Agreement shall be effective retroactive to December 1, 2005, following approval or acceptance by the Minnesota Public Utilities Commission. In the event this Agreement: (i) is not approved by the Commission, or (ii) is approved subject to terms or conditions to which either party objects or is revised or modified in any material respect by the Commission, or (iii) is not approved by Customer's corporate officials, Company and Customer agree immediately to make a good faith effort to renegotiate the terms of

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this Agreement to accommodate regulatory or other requirements while maintaining the respective economic benefits to each party as set forth in this Agreement. In the event that the parties are unable to reach agreement on such modifications or revisions resulting from non-approval or material regulatory modification of this Agreement, this Agreement shall be null and void and electric service shall continue under the terms of the Restated Electric Service Agreement Between the Duluth Paper Mill and Duluth Recycled Pulp Mill of Stora Enso North America Corp. and Minnesota Power dated August 1, 1997, with all Supplements, Amendments and Revisions thereto, including the Amendments dated September 29, 2000 and January 24, 2003, but shall terminate at 11:59 p.m. on [REDACTED]

I. **Notices.** Any notice, election or other correspondence required or permitted under this Agreement shall become effective upon receipt and, except invoices and payments, shall be deemed to have been properly given or delivered when made in writing and delivered personally to the authorized representative of the parties designated below, or when sent by mail, telegram or telecopy, and addressed to the authorized representative of the parties designated below at its specified address:

TO: Minnesota Power
Senior Vice President – Marketing & Public Affairs
Minnesota Power
30 West Superior Street
Duluth, MN 55802

TO: Stora Enso North America Corp.
Director of Power and Energy
P.O. Box 8050
Wisconsin Rapids, WI 54495-8050

J. **Confidentiality and Non-Disclosure.** No party hereto shall disclose any information regarding any part of this Agreement not otherwise included in Company's nonproprietary Petition for Approval filed with the Minnesota Public Utilities Commission except to the extent that disclosure is required by law, required for evidentiary purposes in any legal proceeding relating to enforcement of this Agreement, required for filing reports with or furnishing information to the

regulatory authorities having jurisdiction over Company and other appropriate governmental authorities, required for purposes of obtaining financing, or upon written consent of all parties to this Agreement. All parties shall request regulatory bodies or governmental authorities to respect the confidentiality of this Agreement before making any disclosure to those bodies or authorities. Where any disclosure to non-parties is required, notice shall be given to all other parties, and to the extent possible, such notice shall be given in advance of disclosure.

K. Representation and Warranties. Company and Customer represent and warrant to the other that: (i) they are duly organized and validly exist in good standing under the laws of their state of incorporation and have all requisite power and authority to enter into this Agreement and to carry out the terms and provisions thereof and hereof; (ii) the persons executing this Agreement on behalf of that party are duly authorized and empowered to bind their respective party to this Agreement; (iii) that no further corporate action except as referenced in Paragraph 4(H)(iii) is needed for such authorization and empowerment to become effective; and (iv) there is no action, proceeding, or investigation current or pending, and no term or provision of any charter, by-law, certificate, license, mortgage, indenture, contract, agreement, judgment, decree, order, statute, rule or regulation (except the regulatory approval requirements of Minn. Stat. §216B.01 *et. seq.*) which in any way prevents, hinders or otherwise adversely affects or would be violated by entering into and performing this Agreement.

L. Previous Agreements, Amendments, Waiver and Captions. This Amended and Restated Electric Service Agreement supersedes and replaces the Amended and Restated Electric Service Agreement dated August 1, 1997 and all subsequent amendments of that Electric Service Agreement in their entirety. All other previous communications between Company and Customer either verbal or written are also abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall be effective unless the same shall be in writing and signed and delivered by both parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed a waiver with respect to any subsequent default or other matter. The

captions and headings appearing in this Agreement are inserted merely to facilitate reference and shall have no bearing upon the interpretation of the provisions contained in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officers as of the date first written above.

STORA ENSO NORTH AMERICA CORP.

By: 

Title: DIRECTOR OF Power & ENERGY

MINNESOTA POWER

By: 

Title: Sr. VP Marketing & Public Affairs

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**AMENDMENT TO ELECTRIC SERVICE AGREEMENT
BETWEEN NEWPAGE WISCONSIN SYSTEM INC. AND
MINNESOTA POWER**

THIS AGREEMENT, is entered into this ___ day of June, 2012 between NEWPAGE WISCONSIN SYSTEM INC. hereinafter called "Customer," and MINNESOTA POWER, hereinafter called "Company," such parties also being hereinafter referred to individually as "Party" or collectively as "Parties."

WHEREAS, Minnesota Power (MP) and NewPage Wisconsin System Inc. (NewPage) are parties to an Amended and Restated Electric Service Agreement (Agreement) dated November 15, 2005 which expires the latter of August 31, 2013 or four (4) years from the date of notice of termination by either MP or NewPage; and

WHEREAS, on September 7, 2011 NewPage Corporation and those of its subsidiaries and affiliates that are debtors and debtors in possession commenced a voluntary case under Chapter 11 of Title 11 of the United States Bankruptcy Code;

WHEREAS, MP and NewPage agree the assumption of the Agreement is in the best interest of both parties;

NOW THEREFORE, in consideration of these premises, the parties hereto agree to amend the Agreement as follows:

1. Paragraph 2 is deleted in its entirety and replace with the following:

2. TERM OF AGREEMENT

This Agreement shall be effective upon MPUC approval, with the initial term of this Agreement extending through December 31, 2022 without any right of prior termination. Service shall continue thereafter until and unless this Agreement is terminated in accordance with its terms. Either party may terminate this Agreement by written notice to the other delivered at least four years prior to termination, provided, however, that termination shall be effective prior to 11:59 p.m. on December 31, 2022 or a later date of termination specified at least four years in advance.

2. Paragraph 3(G), the first two sentences are deleted and replace with the following:

G. Allowance for Scheduled Maintenance. Customer may elect to be billed at the Measured Demand instead of the Service Requirement for [TRADE SECRET DATA EXCISED] annual occurrences that are each greater than [TRADE SECRET DATA EXCISED] duration in order to correspond with Customer's scheduled maintenance or scheduled production shutdowns. The reduction in kW-Days (as that term is defined in this Paragraph) resulting from any such elections shall not exceed

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[**TRADE SECRET DATA EXCISED**] in any calendar year, and under no circumstances can the provisions of this Paragraph be utilized to reduce Customer's Firm Power Billing Demand to a level below [**TRADE SECRET DATA EXCISED**].

3. Paragraph 3(J), is deleted in its entirety and replace with the following:

J. Large Power Incremental Production Service. Customer shall have the right to purchase Incremental Production Service ("IPS") from the Company whenever the Customer's Measured Demand exceeds the Incremental Production Service Threshold ("IPST") under the terms of the Rider for Large Power Incremental Production Service (the "IPS Rider"). Energy attributable to any Measured Demand in excess of the IPST shall be billed as provided in the Rider for Large Power Incremental Production Service. The IPST shall initially be set at [**TRADE SECRET DATA EXCISED**]. The IPST shall remain at the levels stated unless the Service Requirement is adjusted upward by a nomination in excess of the applicable IPST under paragraph 3(C) or pursuant to the IPS Rider. If the Service Requirement is adjusted upward above the applicable IPST, the IPST shall be increased by an amount equivalent to the corresponding increase in the Service Requirement for the applicable month(s) in the Nomination Period.

Excess reactive demand will be calculated as indicated in the Large Power Service Schedule: provided, however, Company will not bill the Customer for any excess reactive demand adjustments associated with metered demands above the IPST as long as such adjustments do not exceed [**TRADE SECRET DATA EXCISED**]. If such adjustments exceed [**TRADE SECRET DATA EXCISED**], Company may, at its sole discretion, bill the Customer and Customer shall pay, for any excess reactive demand above [**TRADE SECRET DATA EXCISED**] at the Excess Power Billing Demand charge.

In the event of [**TRADE SECRET DATA EXCISED**], Customer may notify the Company in writing at least six months in advance. Upon notification Parties will meet to determine a revised IPST which reflects full production at the Customer's facility. The revised IPST will be effective at the start of the next pool season and no earlier than six months from notification.

In the event of major capital investment and/or production efficiency improvements that result in a [**TRADE SECRET DATA EXCISED**], Customer may notify Company and both Parties agree to meet to discuss potential applicable Agreement modifications.

4. A new Paragraph 3(N) is added:

N. Decreases in Service Requirement for Permanent Facility Shutdown - In the event of a permanent cessation of operations at the Customer's Duluth Paper Mill and Duluth Recycled Pulp Mill, Customer may notify the Company in writing at least two years in advance that Customer is invoking its right to reduce the Minimum Firm Demand to 0 kW which reduction shall be come effective on the second anniversary of such notice. In no event shall the provision of this Paragraph be effective prior to two years after the date of such notification.

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Customer's rescission or modification of such notice shall be permitted only at the sole discretion of the Company.

5. A new Paragraph 5 is added:

5. Precedent Conditions. This Amendment is subject to the approval of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") of NewPage Wisconsin System Inc.'s assumption of the Electric Service Agreement, as amended herein, pursuant to Section 365 of the Bankruptcy code, including, without limitation, authorizing NewPage Wisconsin Systems Inc.'s payment of \$2,189,126.46 to cure any monetary defaults arising under the Agreement. In the event this Amendment is not approved by the Bankruptcy Court, then this Amendment shall be of no force and effect and none of its provisions will be deemed to prejudice or impair any of the parties' respective rights and remedies nor may it be used in any way against either of the parties in any litigation or contested matter.

Within thirty days of Bankruptcy Court approval, Customer will establish an escrow account and deposit the full cure amount noted above, pending MPUC approval. Upon MPUC approval on terms or conditions acceptable to Company, Company can withdraw the full cure amount from the escrow account established by Customer.

This Amendment shall be effective on the first calendar day of the month following receipt of a MPUC order approving this Amendment. In the event this Amendment is not approved by the MPUC, is approved subject to terms or conditions to which either party objects, or is revised or modified in any material respect by the Commission, this Amendment shall be null and void. Customer can close the escrow account.

6. A new Paragraph 6 is added:

6. Weekly Prepayment. Customer agrees to make weekly prepayments. Weekly prepayments are due on Friday of each week in "same day funds". "Same day funds" means funds that are available for the company's use on the same day as the Due Date (Friday).

The weekly prepayment for the forthcoming calendar year is determined annually by December 30th by dividing Customer's lowest monthly electric bill for the previous twelve months by five, and rounding up to the nearest increment of \$10,000. Weekly prepayments for a future month(s) can be adjusted by agreement of both parties to account for unique significant operational changes to avoid significant under or overpayment.

Customer will receive credit for payments reflecting the time value of funds made available to Company earlier than such funds otherwise would have been available under the Company's standard cycle as described in the Rider for Expedited Billing Procedures.

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If NewPage Corporation's, or another corporate entity agreed to by Customer and Company, Credit Rating improves to B or better from S&P, or B2 or better from Moody's, then Customer may discontinue making weekly prepayments on the first Friday of the month following the rating change. If NewPage Corporation's Credit Rating drops back below B from S&P or B2 from Moody's, then Customer agrees to begin weekly prepayments on the first Friday of the month following the rating change.

For the purposes of this Agreement, "Credit Rating" means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issues rating by S&P, Moody's or any other rating agency mutually agreed to by the Parties. If there is no rating by S&P, Moody's or any other recognized third party of any issue of debt for NewPage Corporation or an agreed-upon entity, then the Parties agree to meet, discuss and adopt an agreed definition of Credit Rating and discontinuance of prepayment.

7. Except as changed and amended herein, the Agreement shall remain in full force and effect in accordance with all of its term and conditions and neither Party shall be deemed to have waived any of its rights under the Agreement.

8. This Amendment shall be effective upon approval or acceptance by any regulatory body having jurisdiction thereof.

IN WITNESS WHEREOF, the Parties have executed it by their duly authorized officers as of the date first written above.

NEWPAGE WISCONSIN SYSTEM INC.

By: _____

Title: _____

MINNESOTA POWER

By: _____

Patrick K. Mullen

Vice President - Marketing and Corporate Communications

EXHIBIT A

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2018 AMENDMENT TO ELECTRIC SERVICE AGREEMENT

BETWEEN VERSO MINNESOTA WISCONSIN LLC (formerly, NewPage

MINNESOTA POWER

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IN ITS ENTIRETY

[TRADE SECRET DATA EXCISED]

THIS 2018 AMENDMENT to the AGREEMENT, is entered into this 23rd day of August, 2018 between VERSO MINNESOTA WISCONSIN LLC (formerly, NewPage Wisconsin System, Inc.) hereinafter called "Customer," and MINNESOTA POWER, hereinafter called "Company," such parties also being hereinafter referred to individually as "Party" or collectively as "Parties."

WHEREAS; Minnesota Power (MP) and VERSO MINNESOTA WISCONSIN LLC (Verso) are parties to an Amended and Restated Electric Service Agreement ("AGREEMENT") dated November 15, 2005; and

WHEREAS, on July 17, 2012, Verso and MP amended the Agreement, extending the Agreement through at least December 31, 2022, and amending certain other terms and conditions ("2012 Amendment"); and

WHEREAS, Verso is planning operational changes to its Duluth Paper Mill and Duluth Recycled Pulp Mill located in Duluth, Minnesota; and

WHEREAS, MP and Verso agree that further amendments to the Agreement are in the best interest of both Parties;

NOW, THEREFORE, in consideration of these premises, the Parties hereto agree to amend the Agreement as follows:

1. Paragraph 2 as most recently restated in the 2012 Amendment is deleted in its entirety and replaced with the following:

2. TERM OF AGREEMENT

This Agreement shall be effective upon MPUC approval ("Effective Date"), with the initial term of this Agreement extending through December 31, 2024, without any right of prior termination. Service shall continue thereafter until and unless this Agreement is terminated in accordance with its terms. Either party may terminate this Agreement by written notice to the other delivered at least four years prior to termination, provided, however, that no termination shall be effective prior to 11:59 p.m. on December 31, 2024, or a later date of termination specified at least four years in advance.

2. Paragraph 3(J) as most recently restated in the 2012 Amendment is deleted in its entirety and replaced with the following:

J. Large Power Incremental Production Service. Customer shall have the right to purchase Incremental Production Service ("IPS") from the Company whenever the

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Customer's Measured Demand exceeds the Incremental Production Service Threshold ("IPST") under the terms of the Rider for Large Power Incremental Production Service (the "IPS Rider"). Energy attributable to any Measured Demand in excess of the IPST shall be billed as provided in the Rider for Large Power Incremental Production Service. The IPST shall be set at [TRADE SECRET DATA EXCISED]. The IPST shall remain at the levels stated unless the Service Requirement is adjusted upward by a nomination in excess of the applicable IPST under paragraph 3(C) or pursuant to the IPS Rider. If the Service Requirement is adjusted upward above the applicable IPST, the IPST shall be increased by an amount equivalent to the corresponding increase in the Service Requirement for the applicable month(s) in the Nomination Period. [TRADE SECRET DATA EXCISED]

Excess reactive demand will be calculated as indicated in the Large Power Service Schedule: provided, however, Company will not bill the Customer for any excess reactive demand adjustments associated with metered demands above the IPST as long as such adjustments do not exceed [TRADE SECRET DATA EXCISED] If such adjustments exceed [TRADE SECRET DATA EXCISED] Company may, at its sole discretion, bill the Customer and Customer shall pay, for any excess reactive demand above [TRADE SECRET DATA EXCISED] at the Excess Power Billing Demand charge.

[TRADE SECRET DATA EXCISED]

[TRADE SECRET DATA EXCISED]

3. Paragraph 5 as initially stated in the 2012 Amendment is deleted in its entirety and replaced with the following:

5. Corporate Guarantee.

To secure Customer's obligation to take or pay for the minimum amount of electric service under this Agreement, within thirty (30) days of this Amendment being approved by the MPUC, Customer shall provide and maintain throughout the Term, a parent guarantee substantially in the form of Attachment A to this Amendment from Verso Corporation (or another entity in the case of an assignment of this Agreement) ("Parent Guaranty"); provided, however, that nothing in this Agreement shall require Customer to provide any additional security other than the Parent Guaranty.

4. Paragraph 6 as initially stated in the 2012 Amendment, is deleted in its entirety and replaced with the following:

6. Weekly Expedited Billing.

Beginning on the Effective Date, service provided under this Agreement shall be billed under terms consistent with those defined in the Company's Rider for Expedited Billing Procedures as approved by the Commission, except as modified below.

EXHIBIT A


Weekly billing shall be based on estimated electric service usage, including the minimum demand charge, and not on an actual meter reading (“Weekly Estimated Billing”). Customer’s Weekly Estimated Billing for each calendar year of the Term shall be determined by dividing the amount of the lowest total monthly bill issued by Company to Customer in the last twelve (12) months by five (5) and rounding up to the nearest increment of \$10,000. Weekly billing payments received and charges for actual electric service usage will be reconciled each month. Customer’s Weekly Estimated Billing will be adjusted by agreement of the Parties to account for operational changes to avoid significant under or over payment.

Customer will receive credit for weekly billing payment reflecting the time value of funds made available to Company earlier than such funds otherwise would have been available under the Company’s standard monthly billing cycle. The credit will be applied to the weekly bill following the due date of the standard month billing cycle.

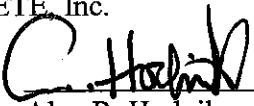
- 5. Except as changed and amended herein, the Agreement (including the 2012 Amendment) shall remain in full force and effect in accordance with all of its term and conditions and neither Party shall be deemed to have waived any of its rights under the Agreement.
- 6. This Amendment shall be effective beginning the first of the month following receipt of a written Order from the Minnesota Public Utilities Commission approving this 2018 Amendment.

IN WITNESS WHEREOF, the Parties have executed it by their duly authorized officers as of the date first written above.

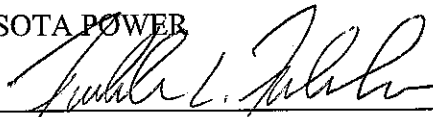
VERSO MINNESOTA WISCONSIN LLC

By: 
 Steven C. Brooks
 Title: Director, Corporate Energy
 Date: 8/23/2018

ALLETE, Inc.

By: 
 Alan R. Hodnik
 Title: Chairman, President and Chief Executive Officer
 Date: 8/29/2018

MINNESOTA POWER

By: 
 Franklyn L. Frederickson
 Title: Vice President – Marketing
 Date: 8/27/2018

ATTACHMENT A

FORM OF GUARANTY

This Guaranty is executed and delivered as of this ___ day of _____, 2018 by Verso Corporation, a Delaware Corporation (“Guarantor”), in favor of (“Company”), in connection with the performance by Verso Minnesota Wisconsin LLC, a Delaware limited liability company (“Customer”) of an Electric Service Agreement dated November 15, 2005 (as subsequently amended), between Customer and Company (the “Agreement”).

- RECITALS -

A. Customer and Company have entered into the Agreement for the purchase and sale of electrical energy.

B. Customer is an indirect wholly-owned subsidiary of Guarantor. Guarantor expects to derive benefits from the performance of the Agreement by Customer and Company. To provide additional assurances to Company related to Customer’s purchase of electrical energy contemplated by the Agreement, Guarantor has agreed to guarantee the obligations of Customer as provided in this Guaranty.

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

- AGREEMENT -

1. Guaranty. Subject to the provisions of this Guaranty, Guarantor hereby absolutely, irrevocably, unconditionally, and fully guarantees to Company the due, prompt, performance, and discharge of Customer’s payment obligations under the Agreement, whether incurred before or after the date of delivery of this Guaranty (the “Obligations”). This is a guaranty of payment, not of collection, and as such, Company shall not be required to institute, pursue, or exhaust any remedies against Customer before instituting suit, obtaining judgment, and executing thereon against Guarantor under this Guaranty.

2. Rights of Company. Guarantor hereby grants to Company, in Company’s discretion and without the need to notify or obtain any consent from Guarantor, and without termination, impairment, or any other effect upon Guarantor’s duties hereunder, the power and authority from time to time:

a. to renew, compromise, extend, accelerate, or otherwise change, substitute, supersede, or terminate the terms of performance of any of the Obligations, in each case in accordance with the Agreement;

b. to grant any indulgences, forbearances, and waivers, on one or more occasions, for any length of time, with respect to Customer’s performance of any of the Obligations; and

ATTACHMENT A

c. to accept collateral, further guaranties, and/or other security for the Obligations, and, if so accepted, then to impair, exhaust, exchange, enforce, waive, or release any such security.

3. Performance. If any of the Obligations are not performed according to the terms of the Agreement, and any applicable notice and cure period provided by the Agreement has expired (“Default”), Guarantor shall immediately upon receipt of written demand by Company perform or cause Customer to perform the Obligation in Default. Except for those defenses, setoffs, and counterclaims expressly waived hereby, Guarantor reserves the right to assert any and all defenses, setoffs, and counterclaims that Customer may have with respect to performance of the Obligations.

4. Satisfaction. Satisfaction by Guarantor of any duty hereunder incident to a particular Default or the occurrence of any other Default shall not discharge Guarantor except with respect to the Default satisfied, it being the intent of Guarantor that this Guaranty be continuing until such time as all of the Obligations have irrevocably been discharged in full, at which time this Guaranty shall automatically terminate.

5. Notice of Acceptance. Guarantor waives and acknowledges notice of acceptance of this Guaranty by Company.

6. Waivers by Guarantor. Guarantor hereby waives and agrees not to assert or take advantage of:

(a) subject to Section 4 above, all presentments, demands for performance, notices of non-performance, protests, and notices of every kind that may be required by Applicable Laws;

(b) any right to require Company to proceed against Customer or any other person, or to require Company first to exhaust any remedies against Customer or any other person, before proceeding against Guarantor hereunder;

(c) any defense arising from the bankruptcy or insolvency of Customer;

(d) any duty of Company to protect or not impair any security for the Obligations;

(e) the benefit of any laws limiting the liability of a surety

(f) any duty of Company to disclose to Guarantor any facts concerning Customer, the Agreement, or any other circumstances, that would or allegedly would increase the risk to Guarantor under this Guaranty, whether now known or hereafter learned by Company, it being understood that Guarantor is capable of and assumes the responsibility for being and remaining informed as to all such facts and circumstances; and

(g) until all Obligations in Default have been fully paid and/or performed, any rights of subrogation, contribution, reimbursement, indemnification, or other rights of payment or recovery for any payment or performance by it hereunder. For the avoidance of doubt, if any

ATTACHMENT A

amount is paid to Guarantor in violation of this provision, such amount shall be held by Guarantor for the benefit of, and promptly paid to, Company.

7. Cumulative Remedies. The rights and remedies of Company hereunder shall be cumulative and not alternative to any other rights, powers, and remedies that Company may have at law, in equity, or under the Agreement. The obligations of Guarantor hereunder are independent of those of Customer and shall survive unaffected by the bankruptcy of Customer. Company need not join Customer in any action against Guarantor to preserve its rights set forth herein.

8. Representations and Warranties. Guarantor represents and warrants to Company as follows:

(a) Guarantor is a corporation, duly organized, validly existing, and in good standing under the laws of the state of its incorporation. Customer is a direct or indirect wholly-owned subsidiary of Guarantor. Guarantor has all necessary corporate power and authority to execute and deliver this Guaranty and to perform its obligations hereunder.

(b) The execution, delivery and performance of this Guaranty has been duly and validly authorized by all corporate proceedings of Guarantor and is not in violation of any law, judgment of court or government agency. This Guaranty has been duly and validly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

9. Collection Costs. Guarantor hereby agrees to pay to Company, in addition to the maximum liability set forth in Section 3 hereof, all reasonable attorneys' fees and other expenses which Company may expend or incur in enforcing any valid claim(s) under this Guaranty against Guarantor.

10. Severability. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11. Waiver or Amendment. No provision of this Guaranty or right of Company hereunder can be waived, nor can Guarantor be released from Guarantor's duties hereunder, except by a writing duly executed by Company. This Guaranty may not be modified, amended, revised, revoked, terminated, changed, or varied in any way whatsoever except by the express terms of a writing duly executed by Company.

12. Successors and Assigns. This Guaranty shall inure to the benefit of and bind the successors and assigns of Company and Guarantor.

13. Governing Law. This Guaranty shall be governed by and construed in accordance with the law of the State of Minnesota without regard to the principles of conflicts of law thereof.

14. Notices. All notices, requests, claims, demands, and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in the manner contemplated by the Agreement, addressed as follows:

ATTACHMENT A

- (a) if to Company as provided in the Agreement;
- (b) if to Guarantor:
 Verso Corporation
 Attn: Timothy Nusbaum
 8540 Gander Creek Drive
 Miamisburg, OH 45342
 Phone: (937) 242-9196
 email: timothy.nusbaum@versoco.com

with a copy to:
 Verso Corporation
 Attn: Steven Brooks
 W6889 US Hwy 2
 Quinnesec, MI 49876
 Phone: (906) 779-3681
 email: steve.brooks@versoco.com

or to such other address(es) as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered to Company as of the day and year first above written.

[Name of Guarantor]

By: _____
 Name: _____
 Title: _____

STATE OF _____)
) SS.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018,
 by _____ (name) the _____ (title)
 of _____ (company).

Notarial Stamp or Seal

 Notary Public
 My commission expires: _____



33 East Main Street
Suite 201
Madison, WI 53703-3095

+1.608.663.7460
+1.608.663.7499
PerkinsCoie.com

January 29, 2021

Brian H. Potts
BPotts@perkinscoie.com
D. +1.608.663.7493
F. +1.608.663.7499

VIA EMAIL AND FEDEX

Minnesota Power
Attn: Senior Vice President -Marketing & Public Affairs
30 West Superior Street
Duluth, MN 55802

Re: Notice of Election to Reduce Minimum Firm Demand to 0 kW, Effective as of the Second Anniversary of the Date of This Notice, Pursuant to Paragraph 3.N. of the Amended and Restated Electric Service Agreement

Notice of Termination of Amended and Restated Electric Service Agreement, Effective as of the Fourth Anniversary of the Date of This Notice, Pursuant to Paragraph 2 of the Amended and Restated Electric Service Agreement

Dear Mr. Rudeck:

On behalf of our client, Verso Minnesota Wisconsin LLC, we hereby deliver this written notice pursuant to that certain Amended and Restated Electric Service Agreement, dated as of August 23, 2018, by and between Verso Minnesota Wisconsin LLC (formerly NewPage Wisconsin System Inc.) and ALLETE, Inc., doing business as Minnesota Power (the "Electric Service Agreement").

Verso Minnesota Wisconsin LLC ("Verso") is planning to cease operations at the Duluth Paper Mill and Duluth Recycled Pulp Mill permanently as of January 31, 2021. Therefore, in accordance with paragraph 3.N. of the Electric Service Agreement, Verso hereby elects to reduce the Minimum Firm Demand from [REDACTED] per month (paragraph 3.E(vi) of the Electric Service Agreement) to 0 kW per month, effective as of the second anniversary of the date of this notice. Verso acknowledges that it will continue to be responsible for the payment of minimum Contract Demand charges on [REDACTED] until the second anniversary of the date of this notice; *provided, however*, that Verso expects that Minnesota Power will use good faith efforts to mitigate damages under the Electric Service Agreement by selling the firm demand that will not be sold to Verso to other customers of Minnesota Power or in the wholesale capacity markets.

Finally, Verso hereby provides notice of termination of the Electric Service Agreement pursuant to paragraph 2 of the Electric Service, effective as of the fourth anniversary of the date of this notice.

January 29, 2021
Page 2

Please feel free to contact me if you have any questions.

Best regards,

A handwritten signature in black ink, appearing to read "B. H. Potts", with a stylized flourish at the end.

Brian H. Potts
Partner

BHP

March 25, 2021

Brian H. Potts
BPotts@perkinscoie.com
D. +1.608.663.7493
F. +1.608.663.7499

VIA U.S. MAIL

Minnesota Power
Attn: Senior Vice President -Marketing & Public Affairs
30 West Superior Street
Duluth, MN 55802

Re: Transfer of Amended and Restated Electric Service Agreement to New Purchaser of Mills

Dear Mr. Rudeck:

On January 29, 2021, our client Verso Minnesota Wisconsin LLC delivered notice to Minnesota Power and ALLETE, Inc. (collectively “Minnesota Power”) under the Amended and Restated Electric Service Agreement (the “Electric Service Agreement”) that Verso was planning to cease operations at the Duluth Paper Mill and Duluth Recycled Pulp Mill (“Mills”) permanently as of January 31, 2021. In that same letter, Verso also provided notice of termination of the Electric Service Agreement as of the fourth anniversary of the date of the notice.

As you know, since that time Verso and Minnesota Power have been in negotiations with a new potential buyer of the Mills. This new buyer, ST Paper, has indicated a willingness to restart the Mills and accept electric service under the Electric Service Agreement. As such, pursuant to Section 4(C) of the Electric Service Agreement, Verso requests Minnesota Power’s written consent to rescind Verso’s termination, assign the Electric Service Agreement to ST Paper with a contemporaneous amendment to the Electric Service Agreement to bring its terms in line with the March 15, 2021 term sheet presented by Minnesota Power to ST Paper, and allow ST Paper to restart the Mills. Pursuant to Section 4(C), Minnesota Power’s “consent shall not unreasonably be withheld.”

Such consent and the rescission of the termination, assignment, amendment, and restarting of the Mills shall be contingent on ST Paper closing on the transactions necessary to purchase the Mills from Verso. As Verso has already told Minnesota Power, if ST Paper does not buy the Mills, Verso has no current plans to restart the Mills.

Given Minnesota Power’s obligation to use good faith efforts to mitigate its damages under the Electric Service Agreement—and everyone’s desire to restart the Mills—Verso believes this request is reasonable. Verso asks that Minnesota Power provide a written response to this request for assignment by COB on March 31, 2021.

March 25, 2021
Page 2

Please feel free to contact me if you have any questions.¹

Very truly yours,

/s/ Brian H. Potts

Brian H. Potts

¹ Verso is in receipt of Minnesota Power's February 5, 2021 letter regarding the Electric Service Agreement and will respond separately to Minnesota Power's arguments in that letter at a later date (if needed).

IN THE MATTER OF THE PETITION FOR
INTERPRETATION OF TERMS AND CONDITIONS
OF SERVICE TO VERSO MINNESOTA WISCONSIN
LLC

MPUC DOCKET NUMBER: E015/M-21-_____

CERTIFICATE OF SERVICE

Jill N. Yeaman certifies that on the 2nd day of August, 2021, on behalf of Minnesota Power, she efiled and served a true and correct copy of Minnesota Power's **PETITION FOR INTERPRETATION OF TERMS AND CONDITIONS OF SERVICE TO VERSO MINNESOTA WISCONSIN LLC** on the Minnesota Public Utilities Commission and the attached Large Power Service List, via electronic filing. The persons on the attached Large Power Service List requesting paper service were served the Summary Only.

The Petition, in its entirety, was served via email, regular and certified U.S. Mail, postage prepaid, upon:

Brian H. Potts
PerkinsCoie
One East Main Street, Suite 201
Madison, WI 53703-5118
Email: BPotts@perkinscoie.com

/s/ Jill N. Yeaman

Jill N. Yeaman

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Greg	Chandler	greg.chandler@upm.com	UPM Blandin Paper	115 SW First St Grand Rapids, MN 55744	Paper Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
David	Chura	dchura@mnpower.com	Minnesota Power	30 West Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Paul	Ciesielski	Paul.Ciesielski@arcelormittal.com	ArcelorMittal	3300 Dickey Road East Chicago, IN 46312	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Riley	Conlin	riley.conlin@stoel.com	Stoel Rives LLP	33 S. 6th Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Hillary	Creurer	hcreurer@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_MPs Large Power Service List
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
James	Jarvi	N/A	Minnesota Ore Operations - U S Steel	P O Box 417 Mountain Iron, MN 55768	Paper Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Michael	Krikava	mkrikava@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Langmo	david.langmo@sappi.com	Sappi North America	P O Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Patrick	Loupin	PatrickLoupin@Packaging Corp.com	Packaging Corporation of America	PO Box 990050 Boise, ID 83799-0050	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Sarah	Manchester	sarah.manchester@sappi.c om	Sappi North American	255 State Street Floor 4 Boston, MA 02109-2617	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Keith	Matzdorf	keith.matzdorf@sappi.com	Sappi Fine Paper North America	PO Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Matthew	McClincy	MMcClincy@usg.com	USG	35 Arch Street Clouquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_MPs Large Power Service List
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	GEN_SL_Minnesota Power_MPs Large Power Service List
Ralph	Riberich	rriberich@uss.com	United States Steel Corp	600 Grant St Ste 2028 Pittsburgh, PA 15219	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duulth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Thomas	Scharff	thomas.scharff@versoco.com	Verso Corp	600 High Street Wisconsin Rapids, WI 54495	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	GEN_SL_Minnesota Power_MPs Large Power Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Jim	Tieberg	jtieberg@polymetmining.com	PolyMet Mining, Inc.	PO Box 475 County Highway 666 Hoyt Lakes, MN 55750	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List
Karen	Turnboom	karen.turnboom@versoco.com	Verso Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_MPs Large Power Service List