

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE EMERGENCY PETITION OF MINNESOTA POWER FOR APPROVAL TO MOVE ASSET-BASED WHOLESALE SALES CREDITS TO THE FUEL ADJUSTMENT CLAUSE AND RESOLVE RATE CASE	DOCKET NO. E-015/M-20-429
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COMMENTS OF WALMART INC.

Pursuant to the Commission’s Notice of Shortened Comment Period dated April 28, 2020, Walmart Inc. (“Walmart”), hereby respectfully submits comments on the emergency petition of Minnesota Power (“MP”) filed on April 23, 2020 in Docket E-015/M-20-429 (“Petition”). In general, Walmart supports the Petition because the Petition:

- 1) would result in no increase in equity returns for the utility during this period of great financial stress for residential and business ratepayers;
- 2) has allowed immediate customer refunds during this crisis;
- 3) would result in a class revenue shift that is not favorable to Walmart but is small enough to be overlooked in view of the rate stability and other benefits the Petition provides all customers; and
- 4) would protect the health of individual ratepayers, as well as intervenor, utility and agency representatives, by avoiding protracted hearings.

In support thereof, Walmart respectfully shows the following:

1.

CONTINUATION OF THE RETURN ON EQUITY OF 9.25 PERCENT THE COMMISSION PREVIOUSLY DETERMINED WAS REASONABLE

In the rate case, Walmart was concerned with MP’s proposal to increase its approved return on equity (“ROE”) from 9.25 percent to 10.05 percent, which increase constituted approximately 25 percent of the overall revenue increase proposed by MP. Of course, this concern has only intensified during the current period of economic upheaval. At a time when

some residential ratepayers are having difficulty paying rent, mortgages, or other bills and when businesses are facing severe operational and financial challenges, it is difficult to accept substantial increases in equity returns by regulated utilities. By withdrawing its rate case, however, MP resolves this concern to the benefit of MP's residential and business customers because rates based on a 9.25 percent ROE will remain in place at least for another year.

2.

IMMEDIATE CUSTOMER REFUNDS DURING CRISIS

Walmart also supports the Petition because it has allowed the reduction of customer rates effective May 1, 2020, which reduction was approved by the Commission in its April 30, 2020 Agenda Meeting. If the rate case had continued until conclusion, any refund to interim rates might not have occurred for as long as a year from now. But ratepayers need relief now and the Petition has allowed such immediate relief.

3.

FAIR AND EQUITABLE RATES

Walmart has also been examining the rate case class cost of service study, class revenue allocation, and rate design MP presented to ensure that rates are fair, equitable and cost-based. Walmart notes that MP's testimony and exhibits filed in Docket E-015/GR-19-442 demonstrate that ratepayers in the Large Light and Power class provide revenue that exceeds MP's cost to serve this class. *See* MP Rate Application Volume 3, Direct Schedule E – 3, page 2. Given that Large Light and Power rates are already above cost, Walmart is troubled that the Large Light and Power class would apparently receive a rate increase of 4.23 percent under the Petition that exceeds the 4.14 percent system-wide increase. *See* Petition Attachment B. However, substantially reducing wholesale sales margin credits from \$35 million to \$10 million and

moving those credits from base rates to fuel rates would involve some differing class rate impacts simply because of the allocators that are used for base rate credits and fuel rate credits. Further, the detriment to the Large Light and Power rate class is small enough to be overlooked in view of the rate stability and other benefits the Petition provides all customers. Finally, the Large Power rate class would receive the lowest percentage increase for any rate class, which should give the Minnesota Public Utilities Commission (“Commission”) a measure of comfort that manufacturing and mining customers are not being harmed by the Petition. *Id.*

4.

LEGAL ISSUES

In the Commission’s Notice of Shortened Comment Period, the Commission sets certain legal issues as topics for party comments. In supporting the Petition, Walmart does not address the legality of the Petition as a matter of Minnesota law, but leaves that discussion to the other parties. Nor does Walmart take a position as to whether setting the wholesale sales margins at a \$10 million baseline (as proposed in the Petition) is the correct level. Walmart takes comfort, though, that the Department of Commerce has reviewed MP’s various filings, including the Petition, and supports the Petition. Walmart also notes that moving wholesale sales margins to the fuel clause would allow for true-up of actual margins. Hence, whether the baseline should be higher (or lower) than \$10 million becomes less of an issue.

5.

SUMMARY

In the end, these are extraordinary times where the health and well-being of Minnesota individuals and businesses are at stake. Protracted rate proceedings could result in additional health risk and MP agrees not to file another rate application before March 2021, at the earliest.

Therefore, the Petition, while not perfect, is an acceptable means of resolving the issues raised in MP's rate increase application.

WHEREFORE, Walmart respectfully requests that the Commission consider the above comments and grant MP's Petition.

This 11th day of May, 2020.

Respectfully submitted,

/S/ Alan R. Jenkins

Alan R. Jenkins
Attorney for Walmart

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