

June 29, 2018

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101

RE: **Letter of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/M-18-375

Dear Mr. Wolf:

On June 5, 2018, Minnesota Power (MP or the Company) filed a petition in Docket No. E015/M-18-375 requesting that the Minnesota Public Utilities Commission (Commission) reduce the billing factors in MP's Renewable Resources Rider (RRR) on a final basis, effective with the implementation of final rates in the Company's ongoing general rate case (Docket No. E015/GR-16-664). The Company also requested that the Commission reduce billing factors on a provisional basis effective July 1, 2018.

On June 26, 2018, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments regarding MP's request to reduce billing factors on a provisional basis, recommending approval of a modified version of MP's request.

On June 29, 2018, MP filed a letter agreeing to the Department's recommended provisional billing factors. However, MP proposed that the Commission's Order clarify that implementation would occur by modifying the rider subfactor, and requested that provisional rates be implemented on the first day of the month following the Commission's Order.

The Department supports the proposals in MP's letter, as MP's proposed implementation method allows MP to maintain the base rate subfactors for tracking purposes and does not affect the total provisional billing factors, and the timing proposal is reasonable given the lead-time the Company needs to implement rates. The Department therefore recommends that the Commission approve the Department's original recommendation as modified by MP's June 29, 2018 letter.

By adopting the Department's updated recommendation, the Commission would approve provisional RRR billing factors as follows, to be implemented on the first day of the month following the Commission's Order on this issue.

	<u>Total</u> <u>Provisional</u> <u>Billing Factor</u>	<u>Base Rate</u> <u>Subfactor</u>	<u>Rider</u> <u>Subfactor</u>
<u>Large Power</u>			
\$ per kW-month	2.79	3.12	-0.33
¢ per kWh	0.267	0.304	-0.037
<u>Other Customers</u>			
¢ per kWh	0.592	0.688	-0.096

The above billing factors are taken from Table 2 of MP's letter, which uses the same total provisional billing factors as recommended in the Department's June 26, 2018 comments, but clarifies that MP would implement the Department's recommended total provisional billing factors by modifying the rider subfactors.

Sincerely,

/s/ STEPHEN COLLINS  
Rates Analyst

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Letter**

**Docket No. E015/M-18-375**

**Dated this 29<sup>th</sup> day of June 2018**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_18-375_M-18-375
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_18-375_M-18-375
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