



30 west superior street / duluth, minnesota 55802-2093 / fax: 218-723-3955/www.allete.com

Christopher D. Anderson
Associate General Counsel
218-723-3961
e-mail canderson@allete.com

October 2, 2015

VIA ELECTRONIC FILING

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

Re: In the Matter of 2014 Electric Company's and
Department of Commerce Annual Automatic Adjustment Reports
Docket No. E999/AA-14-579

Dear Mr. Wolf:

Minnesota Power hereby electronically submits its Reply Comments in the above-referenced Docket. An Affidavit of Service is included.

Please contact me at the number above should you have any questions related to this filing.

Yours truly,

Christopher D. Anderson

c: Service List



**STATE OF MINNESOTA
BEFORE THE
MINNSOTA PUBLIC UTILITIES COMMISSION**

In the Matter of 2015 Electric Company's
Annual Automatic Adjustment Reports

Docket No. E999/AA-14-579
REPLY COMMENTS

Minnesota Power provides these Reply Comments in response to the Minnesota Department of Commerce August 26, 2015 Response Comments in the above-referenced docket.

As noted at pages 15 through 17 of the Department Comments, upon receipt of the Department Information Requests, Minnesota Power requested permission from the BNSF railroad to disclose the terms of Minnesota Power's negotiated rail contract. This specific contract has been in effect since 2002, and this is the first time the Department has requested to review a copy. (This is also the first time Minnesota Power is aware of the Department requesting a copy of *any* of its rail contracts).

Minnesota Power did not have sole authority to provide or file a copy of the BNSF contract, and as shown in the attached Information Request response, the BNSF denied Minnesota Power's request to file a copy of the rail contract. However, the BNSF did consent to an *in-camera* review of that contract by the Department upon its request. Minnesota Power therefore made all arrangements possible to make the contract available to the Department.

The Department indicated in its Comments that it cannot conclude that Minnesota Power fully met its burden of proof to show that the rates MP charged ratepayers for rail transportation were reasonable – ostensibly due to the Department not being provided the contract by Minnesota Power. Minnesota Power's rail transportation costs were reasonable even before the delivery issues arose -- and they remain reasonable today due to the steps Minnesota Power has taken both by negotiating an agreement beneficial to ratepayers and by the actions Minnesota Power has taken to address BNSF delivery issues. Over 800 pages in response to the Department's Information Requests are simply further evidence that Minnesota Power was a leader in addressing coal rail delivery issues in the 2013–2014 time period.

Minnesota Power's rail transportation costs should not be subject to question simply because the Department did not take the steps necessary to review the BNSF contract.

Dated: October 2, 2015

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Anderson', written in a cursive style.

Christopher D. Anderson
MINNESOTA POWER
Associate General Counsel
30 West Superior Street
Duluth, MN 55802
218-723-3961

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Utility Information Request

Docket Number: E999/AA-14-579

Date of Request: March 18, 2015

Requested From: Xcel, MP, IPL, OTP

Response Due: March 30, 2015

Analyst Requesting Information: Craig Addonizio

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
23	<p>Reference: Rail Contracts</p> <p>a. Please provide copies of all rail transportation contracts the utility has been party to at any time since the January 1, 2011 (including contracts that were signed prior to January 1, 2011, but still in effect on that date).</p> <p>b. Please describe, in non-technical terms, the terms of the contracts provided in response to part (a), including pricing, annual volumes, the responsibilities of the rail carriers, the responsibilities of the utility, etc.</p> <p>c. Please explain whether the contracts provided in response to part (a) govern <i>all</i> coal deliveries by rail to the utility's plants, or if any coal gets delivered by rail pursuant to any other transactions or agreements?</p>

RESPONSE:

- a. See Attachment IR-23
- b. See Attachment IR-23

Response by: Kathy Benham
Title: Director - Fuel Strategy & Sourcing
Department: Strategy and Planning
Telephone: 218-313-4402

List sources of information:

c. The BNSF contract covers all Minnesota Power coal shipped out of the Powder River Basin ("PRB"). Minnesota Power shipped on a tariff for coal received from BNSF Railway at Keenan, transferred to Canadian National ("CN") and then shipped to Laskin Energy Center ("Laskin").

Response by: Kathy Benham
Title: Director - Fuel Strategy & Sourcing
Department: Strategy and Planning
Telephone: 218-313-4402

List sources of information:



Teena S. Kilian
Assistant General Attorney

BNSF Railway Company
2500 Lou Menk Drive, AOB-3
Fort Worth, TX 76131-2828
(817) 352-2437 Phone
(817) 352-2399 Fax
teena.kilian@bnsf.com

April 7, 2015

Via Email

Christopher Anderson
Minnesota Power
30 W. Superior Street
Duluth, MN 55802-2191
canderson@allete.com

RE: Coal Transportation Agreement BNSF-C-12309 (the "Agreement")

Dear Mr. Anderson:

Thank you for forwarding to me a copy of the Minnesota Department of Commerce's Utility Information Request Docket No. E999/AA-14-579 dated March 18, 2015, requesting a copy of the current coal transportation agreement that Minnesota Power has with BNSF.

As we discussed, due to the confidential nature of the Agreement and the specific business terms contained therein, BNSF does not consent to Minnesota Power disclosing or filing a copy of the Agreement in either a public or trade secret format. However, BNSF will consent to an in camera review by a representative of the Minnesota Department of Commerce of a redacted version of the Agreement provided by BNSF at an office of your choosing in Minneapolis or St. Paul. A representative of BNSF will be available via phone during the review.

I will provide a redacted version of the Agreement for your use in a mailing under separate cover. Thank you for your cooperation.

Sincerely,

A handwritten signature in purple ink that reads "Teena S. Kilian".

Teena S. Kilian



Teena S. Kilian
Assistant General Attorney

BNSF Railway Company
2500 Lou Menk Drive, AOB-3
Fort Worth, TX 76131-2828
(817) 352-2437 Phone
(817) 352-2399 Fax
teena.kilian@bnsf.com

April 9, 2015

Via Email

Christopher Anderson
Minnesota Power
30 W. Superior Street
Duluth, MN 55802-2191
canderson@allete.com

RE: Coal Transportation Agreement BNSF-C-12309 (the "Agreement")

Dear Mr. Anderson:

Further to my letter to you dated April 7, 2015, enclosed is a redacted version of the Agreement for your use in complying with the Minnesota Department of Commerce's Utility Information Request Docket No. E999/AA-14-579 dated March 18, 2015, requesting a copy of the current coal transportation agreement that Minnesota Power has with BNSF.

Please let me know the date and time of the in camera review of the redacted version of the Agreement by a representative of the Minnesota Office of Attorney General, and I will make myself available via phone during the review.

Sincerely,

A handwritten signature in blue ink that reads "Teena S. Kilian".

Teena S. Kilian

Enclosure

STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Jodi Nash of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 2nd day of October, 2015, she served Minnesota Power's Reply Comments in Docket No. E999/AA-14-579 to the Minnesota Public Utilities Commission and the Minnesota Department of Commerce via electronic filing.



Jodi Nash

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_14-579_AA-14-579
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-579_AA-14-579
Aakash	Chandarana	Aakash.Chandara@xcenergy.com	Xcel Energy	414 Nicollet Mall FL 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_14-579_AA-14-579
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	OFF_SL_14-579_AA-14-579
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-579_AA-14-579
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_14-579_AA-14-579
Michael	Greiveldinger	michaelgreiveldinger@alliantenergy.com	Interstate Power and Light Company	4902 N. Biltmore Lane Madison, WI 53718	Electronic Service	No	OFF_SL_14-579_AA-14-579
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_14-579_AA-14-579
Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St W Rosemount, MN 55068	Electronic Service	No	OFF_SL_14-579_AA-14-579
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_14-579_AA-14-579
Leann	Oehlerking Boes	lboes@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_14-579_AA-14-579

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Randy	Olson	rolson@dakotaelectric.com	Dakota Electric Association	4300 220th Street W. Farmington, MN 55024-9583	Electronic Service	No	OFF_SL_14-579_AA-14-579
Regulatory	Records	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_14-579_AA-14-579
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_14-579_AA-14-579
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE Cedar Rapids, IA 52401	Electronic Service	No	OFF_SL_14-579_AA-14-579
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-579_AA-14-579