

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
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In the Matter of Minnesota Power’s Revised
Petition for a Competitive Rate for Energy-
Intensive Trade-Exposed (EITE) Customers
and an EITE Cost Recovery Rider

ISSUE DATE: April 20, 2017

DOCKET NO. E-015/M-16-564

ORDER AUTHORIZING COST
RECOVERY WITH CONDITIONS

PROCEDURAL HISTORY

On June 30, 2016, Minnesota Power filed a revised petition to establish a competitive rate for energy-intensive trade-exposed (EITE) customers under Minn. Stat. § 216B.1696.¹

Section 216B.1696 allows utilities to propose alternative rate schedules designed to ensure competitive electric rates for EITE customers.² Minnesota Power proposed a rate schedule that would provide a usage-based “Energy Charge Credit” to EITE customers who meet certain conditions. The Company proposed to recover the cost of providing the credit through a surcharge on all other retail customers except those exempted from such recovery under the statute.³

On December 21, 2016, the Commission acted on Minnesota Power’s revised petition, issuing an *Order Approving EITE Rate, Establishing Cost Recovery Proceeding, and Requiring Additional Filings*. The Commission found that the Company’s proposed EITE rate schedule could be expected to yield a net benefit to the utility and therefore approved the rate schedule under Minn. Stat. § 216B.1696, subd. 2.

The Commission also ordered Minnesota Power to file rate-design proposals to recover the cost of the credits provided to EITE customers. And it directed Minnesota Power to file a revised communications plan addressing how the Company planned to notify ratepayers and local governing authorities of the surcharge it plans to impose on non-EITE customers.

¹ The revised petition addressed shortcomings in an earlier petition filed by the Company. *See In the Matter of a Petition by Minnesota Power for a Competitive Rate for Energy-Intensive Trade-Exposed (EITE) Customers and an EITE Cost Recovery Rider*, Docket No. E-015/M-15-984, Order Denying Petition Without Prejudice (March 23, 2016).

² Minn. Stat. § 216B.1696, subd. 2.

³ EITE customers and recipients of energy assistance are exempted from paying for the cost of EITE credits. Minn. Stat. § 216B.1696, subd. 2(d).

On December 30, Minnesota Power made a compliance filing that included its cost-recovery proposal, several rate-design alternatives, and a revised communications plan.

On January 30, 2017, the following parties filed comments on Minnesota Power's EITE cost-recovery proposal:

- AARP
- Office of the Attorney General – Residential Utilities and Antitrust Division (OAG)
- Nine of Minnesota Power's large industrial customers (Large Power Intervenors)⁴
- Iron Mining Association of Minnesota
- Minnesota Department of Commerce (Department)
- Energy CENTS Coalition, Minnesota Citizens' Federation – Northeast, and the Citizens Utility Board of Minnesota (Consumer Advocates)

On February 2, Minnesota Power filed a response to the Department providing estimated bill impacts for non-EITE customers based on a fixed per-kilowatt-hour (kWh) surcharge.

By February 23, the following parties had filed reply comments:

- Large Power Intervenors
- Minnesota Power
- AARP
- Department

On March 1, Minnesota Power notified the Commission that it had chosen February 1, 2017, as the effective date for the EITE rate schedule.

On March 9, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. Summary of Commission Action

In this order, the Commission takes the following actions:

- authorizes Minnesota Power to collect a surcharge from non-EITE customers to recover the cost of providing credits to EITE customers;
- requires that Minnesota Power distribute the EITE surcharge as a uniform per-kWh charge applicable to all customer classes;

⁴ The Large Power Intervenors were ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper; Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; Sappi Cloquet, LLC; United States Steel Corporation (Keetac and Minntac Mines); United Taconite, LLC; and Verso Corporation.

- directs the Company to refund to non-EITE customers any revenue increases resulting from increased sales to customers taking service under the EITE rate schedule;
- requires the Company to report back on its efforts to identify customers who may be exempt, based on income, from paying the EITE surcharge; and
- specifies the form and content of the notice that Minnesota Power must provide to non-EITE customers prior to collecting the surcharge.

The Commission will require Minnesota Power to make a compliance filing within 30 days setting forth the surcharge and refund mechanisms in detail.

II. Allocating Responsibility for the Cost of the EITE Rate Schedule

A. Introduction

Minnesota Power proposed assigning approximately 76 percent of the total EITE-discount cost to its Residential customer class, via one of two methods. Under the first method, each Residential customer would experience exactly a ten percent bill increase. Under the second method, the class as a whole would experience a ten percent increase, with individual customers seeing larger or smaller increases depending on their own electricity usage.

Minnesota Power proposed to recover the remaining cost from its General Service, Large Light & Power, and Municipal Pumping classes through a uniform per-kWh charge. These classes would see bill increases of 1.62–1.98 percent if EITE customers consume electricity at 2016 levels, or 4.55–5.53 percent if EITE customers achieve full production and consume a maximal amount of electricity.

The Company asserted that assigning the majority of the costs to its Residential customers was justified because the Residential class experienced a lower rate increase than the other classes in the Company's last rate case.

Minnesota Power presented several other cost-allocation alternatives, including options that would give the Residential class 5 or 8.5 percent increases. The Company's proposal (Option 1a or 1b) and the alternatives are summarized in the following table:

Minnesota Power’s Rate-Design Alternatives

| | Impact to Residential Class | Impact to Remaining Classes | % Increase for Remaining Classes ⁵ |
|-----------|---|-----------------------------|---|
| Option 1a | 10% of each customer’s bill | Equal per-kWh charge | 4.55 – 5.53% |
| Option 1b | 10% average increase for class | Equal per-kWh charge | 4.55 – 5.53% |
| Option 2a | 8.5% of each customer’s bill | Equal per-kWh charge | 5.33 – 6.49% |
| Option 2b | 8.5% average increase for class | Equal per-kWh charge | 5.33 – 6.49% |
| Option 3a | 5% of each customer’s bill | Equal per-kWh charge | 7.17 – 8.72% |
| Option 3b | 5% average increase for class | Equal per-kWh charge | 7.17 – 8.72% |
| Option 4 | Per-kWh charge for each customer class based on the percentage of the Company’s revenues contributed by the class | | |

B. Positions of the Parties

The Large Power Intervenors and the Iron Mining Association supported Minnesota Power’s proposal. The Large Power Intervenors argued that it would bring the Company’s Residential rates closer to cost while still keeping them low compared to those of neighboring utilities. They also argued, based on the class-cost-of-service study done by Minnesota Power in its pending rate case,⁶ that the Company’s nonresidential rate classes are already significantly subsidizing the Residential class.

The Department recommended that the Commission adopt a flat per-kWh rate for all customer classes—which would range from \$0.00475, if EITE customers consume electricity at 2016 levels, to \$0.00677, if they reach full production. The Department argued that a flat rate would accomplish the statutory goal of “ensur[ing] competitive electric rates for energy-intensive trade-exposed customers,”⁷ while allowing rate-design issues to be addressed in the pending rate case with the benefit of a full record.

⁵ The figures in this column assume that EITE customers achieve full production. If the EITE customers do not reach full production, the percentage increases will be lower.

⁶ *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota*, Docket No. E-015/GR-16-664, Direct Testimony and Schedule of David J. McMillan, at 25 (November 2, 2016).

⁷ Minn. Stat. § 216B.1696, subd. 2(a).

The Department also recommended that the Commission direct Minnesota Power to track the number of customer complaints regarding the EITE surcharge and to include that information with its annual EITE reporting beginning February 1, 2018.

The OAG agreed with Department that the EITE surcharge should be a uniform, per-kWh rate for all customer classes, arguing that Minnesota Power's proposal would put the burden of the EITE program disproportionately on Residential customers, who would see their rates increase by ten percent regardless of whether EITE customers reach full production.

The OAG also challenged the idea, advocated by Minnesota Power and the Large Power Intervenors, that the EITE charge should be designed to "correct" the rate design set in Minnesota Power's previous rate case. That rate design was the allocation that the Commission determined to be just and reasonable based on an exhaustive record, and to attempt to "bring rates closer to cost" without the robust record of a rate case, the OAG argued, would be unreasonable.

Finally, AARP also supported a surcharge spread equitably among Minnesota Power's retail classes. It argued that Minnesota Power had not made a compelling case for charging Residential customers the greatest share of the cost of EITE credits.

C. Commission Action

The Commission concurs with the Department, the OAG, and AARP that a uniform per-kWh charge applied to all customer classes is the fairest way to apportion the cost of the EITE credits.

The goal of the EITE statute is to ensure competitive electric rates for energy-intensive trade-exposed customers.⁸ To that end, the statute allows utilities to propose alternative rate schedules for EITE customers. It does not specify any particular structure for an EITE rate or provide any guidance as to how the cost of such a rate should be apportioned among non-EITE customers.⁹

Minnesota Power has chosen to offer usage-based credits to EITE customers under certain conditions. However, the Company proposes to assign more than 70 percent of the cost of EITE credits to its Residential ratepayers through a fixed ten percent bill increase.

The Commission concurs with AARP that Minnesota Power would need to provide a compelling justification for such a lopsided allocation of EITE costs. But the Company has not done so. It has not, for example, tied the Residential increase to the statute's purpose of achieving competitive rates for EITE customers. Instead, it argues that a large increase for Residential customers is appropriate because that class received a relatively small rate increase in the Company's last rate case.

⁸ *Id.*

⁹ *Id.*

The Commission agrees with the OAG that it is not appropriate to design the EITE surcharge to “correct” the rate design set in a rate case. In the absence of the robust record that would be developed in a rate case, the Commission will require Minnesota Power to distribute the EITE-credit expense as a single per-kWh charge applicable to all customers. This approach will treat all classes equally and allow for any needed changes to the Company’s overall rate design to be made in its pending rate case.

Finally, as recommended by the Department, the Commission will require Minnesota Power to identify the EITE surcharge as a separate line item on customer bills, and to track and report on the number of customer complaints, both oral and written, regarding the EITE surcharge with its other annual reporting.

III. Refunding Increased Revenues Associated with the EITE Rate Schedule

A. Introduction

The EITE statute provides that, upon Commission approval of an EITE rate schedule, a utility “shall create a separate account to track the difference in revenue between what would have been collected under the electric utility’s applicable standard tariff and the EITE rate schedule.”¹⁰ In the utility’s next rate case or through a rider, the utility must be allowed to “recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule.”¹¹

Minnesota Power proposed to charge its non-EITE customers an “EITE Cost Recovery Adjustment” to recover the cost of the credits paid under the EITE rate schedule. However, the Company did not propose any specific mechanism for refunding potential increased revenues resulting from the EITE program.

B. Positions of the Parties

The OAG pointed out that Minnesota Power and its EITE customers had advocated for an EITE rate schedule, in part, on the theory that it would spur increased production by EITE customers. The OAG argued that, if EITE-customer production were to increase to the point that revenues from these customers exceeded the level of EITE-customer revenues before the new rate schedule took effect, then the Company should be required to refund the extra earnings to non-EITE customers as “increased revenues” under the statute.

Accordingly, the OAG recommended that Minnesota Power be required to track the revenues it receives from EITE customers in each year that it provides EITE credits. If the revenue from EITE customers in a given year is higher than the revenues the Company received from those customers before the EITE rate schedule took effect—the OAG chose 2016 as the baseline year—the Company must refund the additional revenue to non-EITE customers, up to the amount previously surcharged to them through the EITE Cost Recovery Adjustment.

¹⁰ Minn. Stat. § 216B.1696, subd. 2(d).

¹¹ *Id.*

AARP agreed with the OAG that the EITE statute requires Minnesota Power to refund any additional revenues it collects from EITE customers to the Company's non-EITE customers. As the EITE program is currently structured, AARP argued, Minnesota Power would receive a windfall at ratepayer expense if sales to EITE customers rise significantly.

While Minnesota Power and the Large Power Intervenors agreed that under the statute, an EITE rate schedule should be revenue neutral to the utility, they argued that the statute only requires the Company to track the difference between the revenue collected from EITE customers in a given year at the discounted rate and the revenue that would have been collected under standard rates at the same sales volume. The Large Power Intervenors asserted that requiring Minnesota Power to refund increased revenues from EITE customers would eliminate the net benefit to the Company that the Commission found in its December 21 order. And both parties maintained that the appropriate way to address increased or decreased revenues resulting from changes in sales to EITE customers would be through a rate case.¹²

C. Commission Action

The Commission agrees with the OAG and AARP that Minnesota Power should be required to refund all or some of the surcharges paid by non-EITE customers based on the increased revenues that result from increased sales to EITE customers taking service under the EITE rate schedule. This conclusion comports with the EITE statute, which requires that the Company “refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule.”¹³

The Commission also agrees with the OAG that the refund should be calculated as the difference between the revenue Minnesota Power received from EITE customers in 2016, *before* the anticipated implementation of the EITE rate, and the revenue the Company receives from EITE customers *after* implementation of the EITE rate.¹⁴ Calculating the refund in this way makes sure that (1) EITE customers receive the full benefit of the EITE rate as intended by the statute; (2) non-EITE ratepayers receive refunds of some or all of the surcharges they pay based on “increased revenues” associated with the EITE rate as required by the statute; and (3) the utility is neither harmed nor enriched by the EITE rate. As such, the refund mechanism ensures that the EITE rate is revenue neutral as applied to the utility.

Refunding increased revenues in this manner based on increased production by EITE customers is fair to all stakeholders. EITE customers will not be affected by a refund; they will continue to receive additional credits as they purchase additional electricity. Non-EITE customers will get back some or all of the surcharges they paid to help spur the EITE customers' purchase of

¹² Minnesota Power noted that it has proposed an Annual Rate Review Mechanism in its pending rate case that would allow for rate adjustments between rate cases if changes in sales or other factors cause significant increases or decreases in the Company's actual return on equity.

¹³ Minn. Stat. § 216B.1696, subd. 2(d).

¹⁴ The Commission also notes that the OAG recommended calculating the revenue increase using projected 2016 EITE-customer revenues. Since complete data for 2016 are now available, however, it would be appropriate to use actual 2016 calendar year EITE-customer revenue as the baseline for calculating the extent of any refundable increases.

electricity, whereas without a refund they would, paradoxically, be required to pay more as Minnesota Power's revenues from EITE customers increase.

The refund mechanism is also fair to Minnesota Power because a refund will only occur if and to the extent that sales to EITE customers increase to the point where the revenues under the EITE rate schedule exceed what the Company was collecting under the standard rate. Moreover, refunds will be capped at the surcharges collected. To further ensure that refunds do not result in any financial harm to Minnesota Power, the Commission will require that the amount of any refund be determined based on the net revenue increase (subtracting fuel costs and other costs that increase with sales).

For the foregoing reasons, the Commission will require that Minnesota Power refund revenue increases associated with the EITE rate schedule as proposed by the OAG with the modifications noted above. The Commission also will require the Company to file the details of the surcharge and refund mechanisms, including the baseline gross revenue for 2016 and the methodology for determining net revenue increases.

IV. Protecting Low-Income Residential Ratepayers from Paying EITE Costs

A. Introduction

The EITE statute prohibits a utility from recovering EITE costs from any low-income residential ratepayers.¹⁵ The statute defines “low-income residential ratepayer” as a ratepayer who receives energy assistance from the low-income home energy assistance program (LIHEAP).¹⁶

Minnesota Power proposed to exempt from the EITE surcharge not only customers receiving LIHEAP assistance but any customer eligible for LIHEAP assistance, regardless of whether the customer is currently receiving such assistance.

Currently some 10,700 customers are enrolled in Minnesota Power's energy-assistance program; however, a 2009 survey identified approximately 36,000 Minnesota Power customers as being LIHEAP eligible. The Company proposed to survey its residential customers again to ensure that it has the most current information regarding LIHEAP-eligible customers.

The EITE statute also requires a utility proposing an EITE rate schedule to deposit \$10,000 into an account to be used to expand the outreach of the utility's Commission-approved affordability program.¹⁷

Minnesota Power stated that it would deposit \$30,000—\$20,000 more than the statutorily required amount—into a fund to enhance outreach to increase the number of customers enrolled in LIHEAP. The Company stated that it would work with the Department and interested

¹⁵ *Id.*

¹⁶ *See id.* (referring to definition in Minn. Stat. § 216B.16, subd. 15); Minn. Stat. § 216B.16, subd. 15 (defining “low-income residential ratepayers”).

¹⁷ Minn. Stat. § 216B.1696, subd. 3.

stakeholders to develop a strategy to use the aforementioned additional funds to address concerns over the EITE program's impact on low-income ratepayers.

B. Positions of the Parties

Energy CENTS Coalition, Minnesota Citizens' Federation Northeast, and the Citizens Utility Board of Minnesota (collectively, the Consumer Advocates) argued that Minnesota Power had not provided a sufficiently detailed proposal for low-income customer outreach. They recommended that the Company be required to provide additional information about its LIHEAP outreach efforts before the Commission approves EITE cost recovery, specifically:

- A draft of the proposed updated customer-eligibility survey;
- An indication of whether the customer survey will simply count or estimate the number of income-eligible households or if it will actually identify income-eligible households;
- Specific outreach strategies;
- Attestations from LIHEAP agencies that they have the ability to process increased LIHEAP applications; and
- Information on the application of the LIHEAP exemption between program years.

However, if the Commission approves cost recovery on the current record, the Consumer Advocates recommended that Minnesota Power be required to provide quarterly reports with the following information:

- The level of customer participation in LIHEAP;
- Information about outreach efforts;
- Sales and revenue attributable to the EITE discount; and
- A description of how any EITE-attributable revenue will be refunded to ratepayers.

Minnesota Power opposed further low-income outreach requirements as a prerequisite to cost recovery but reiterated its commitment to work with the Consumer Advocates and others to minimize the impact on low-income customers. It also noted that its proposal goes further than required under the EITE statute, both by exempting LIHEAP-eligible customers from the surcharge, whether or not a customer is currently receiving LIHEAP, and by increasing the low-income outreach fund \$20,000 beyond the statutorily required level.

The Large Power Intervenors argued that requiring Minnesota Power to devise a plan to increase LIHEAP participation before cost recovery is approved would be contrary to the intent of the EITE statute. According to these intervenors, the Legislature, by requiring that a utility deposit low-income outreach funds "upon the filing of" its EITE petition, demonstrated the Legislature's intent that actual outreach efforts would occur later.

C. Commission Action

The Commission agrees with Minnesota Power and the Large Power Intervenors that the Company has met the statutory prerequisites for cost recovery. However, the Commission also agrees with the Consumer Advocates that further steps are necessary to effectuate the statutory protections for low-income customers.

Accordingly, the Commission will require Minnesota Power to provide more information about its efforts to identify LIHEAP-eligible customers, including a description of Company-directed outreach efforts and updated customer data from the Company's survey, in its 30-day compliance filing and annual reports. And, to ensure that customers identified as LIHEAP eligible are clearly informed of their ability to seek exemption from the EITE surcharge, the Commission's Executive Secretary will review and approve the notice that the Company proposes to send them.

Finally, the Commission notes that its billing-error rules would apply if a low-income customer is billed for EITE costs.¹⁸ If Minnesota Power determines that it has been collecting an EITE surcharge from a low-income residential ratepayer, the Company will be required to remove the charge from the customer's bill immediately and to refund, with interest, any surcharges collected while the individual was eligible for the exemption, for up to three years.

The Commission will also require Minnesota Power to notify such a customer that he or she may file a complaint with the Commission seeking a variance from the Commission's billing-error rules to obtain a refund of additional surcharges paid more than three years before the error was discovered. The format of this notice will be approved by the Executive Secretary.

V. Notifying Non-EITE Customers of the Rate Change

A. Introduction

The Commission's December 21 order directed Minnesota Power to revise the Company's plan for notifying non-EITE customers of the new EITE surcharge so that the plan entails, at minimum, the following:

- Including a notice of the rate change with customer bills when the surcharge is first implemented;
- Providing written notice of the proposed change in rates to the governing body of each municipality and county in the area affected; and
- Mailing copies of the Commission's order to all municipalities, counties, and local governing authorities within the Company's Minnesota service area.

In Minnesota Power's December 30 compliance filing, the Company described its revised communications plan, which includes posting a press release on its website, providing a notice in each customer's first bill when rates change, providing written notice of the rate change to each

¹⁸ See Minn. R. 7820.3800.

municipality and county in the affected area, and mailing copies of the Commission's December 21 order and any subsequent EITE rate-change orders to all municipalities, counties, and local governing authorities in its service area.

B. Commission Action

The Commission concludes that Minnesota Power's revised communications plan complies with the December 21 order. However, the Commission will require the Company to take additional steps to ensure that its non-EITE customers understand the rate change. First, before Minnesota Power collects an EITE surcharge from any customer, the Company will be required to place an insert in all customer bills that does the following:

- explains the statutory authority for the surcharge;
- provides the Company's rationale for the EITE rate and surcharge;
- lists the names of the companies receiving the EITE rate;
- describes the overall impact on all the ratepayers;
- provides the anticipated monthly and annual impact on the ratepayer receiving the notice;
- explains the exemptions along with the process for customers to obtain those exemptions; and
- explains the process to file any complaints with Minnesota Power.

This bill insert will be approved by the Commission's Executive Secretary.

Second, Minnesota Power will be required to include a separate line on each customer bill identifying the "EITE Surcharge" being paid by the customer, along with an explanation of the Surcharge with the text, form, and placement to be approved by the Executive Secretary. This explanation must at a minimum include the following language:

EITE Surcharge is to pay for special reduced electric rates of 11 large industrial customers pursuant to a law passed by the Minnesota legislature in 2015 (Minn. Stat. § 216B.1696). The legislature allowed Minnesota Power to implement this surcharge on the ratepayers to recover the cost of lowered rates of these 11 large industrial customers because they are "Energy Intensive Trade Exposed" (EITE) companies. The 11 companies receiving the special lower rate paid for by the surcharge are:

[name companies]

Any complaints regarding this EITE Surcharge should be directed to Minnesota Power at [location for complaints to be sent in by phone, email, and mail].

In addition, for Residential customer bills, the explanation will also include the following language:

Exemption from EITE Surcharge. You may be entitled to an exemption from the surcharge. Minn. Stat. § 216B.1696 prohibits Minnesota Power from collecting the surcharge from low-income residential ratepayers. To determine if you qualify for this exemption you can contact Minnesota Power at [location for low-income exemption request to be sent in by phone, email, and mail].

ORDER

1. Minnesota Power shall be allowed to collect a surcharge from non-EITE customers other than those exempted based on income.
2. The surcharge shall be calculated as proposed by Minnesota Power to reflect the difference between the EITE-customer revenue received under the EITE rate schedule and the higher revenue the utility would have received under the prior rate applicable to those customers.
3. Minnesota Power shall collect the EITE surcharge as a single per-kWh charge applicable to all nonexempt customers.
4. Minnesota Power shall identify the EITE surcharge as a separate line item on customer bills and shall track and report on the number of customer complaints, both oral and written, regarding the EITE surcharge with its other annual reporting beginning February 1, 2018.
5. Minnesota Power shall refund revenue increases associated with the EITE rate schedule as proposed by the Office of the Attorney General on page 13 of its January 31, 2017 comments in this docket, with the following additions/clarifications:
 - a. The Company shall use the actual 2016 calendar-year EITE-customer revenue as the baseline for calculating the extent of any refundable increases;
 - b. The Company shall base the refund on net revenue increases; and
 - c. Minnesota Power shall make a compliance filing within 30 days setting forth the surcharge and refund mechanisms in detail, including the baseline gross revenue for 2016 and the methodology for determining net revenue increases.
6. Minnesota Power shall provide more information about its efforts to identify LIHEAP-eligible customers, including a description of Company-directed outreach efforts and updated information from the Company's customer survey, in its 30-day compliance filing and annual reports.
7. Minnesota Power shall, if it determines that it has been collecting an EITE surcharge from a low-income residential ratepayer, remove the additional charge from the customer's bill immediately and refund, with interest, any surcharges collected while the individual was eligible, in the preceding three years. The customer shall be notified that he or she may

file a complaint with the Commission to request a variance from the Commission's billing-error rules to obtain a refund of additional surcharges paid prior to the three-year period noted above. This notice shall be approved by the Executive Secretary.

8. The Executive Secretary is granted authority to approve the notice that Minnesota Power proposes to send to customers that may seek EITE exemption on the grounds of LIHEAP eligibility.
9. The Executive Secretary is granted authority to approve the notice that Minnesota Power proposes to send to customers that may seek an exemption on the grounds that they meet the statutory definition of an EITE customer. The Company shall, in its annual report, identify which specific provision of statute qualifies each EITE customer for the exemption.
10. Before Minnesota Power may collect an EITE surcharge from any customer, the Company shall place an insert in all customer bills:
 - explaining the statutory authority it used to implement the surcharge;
 - providing its rationale for the EITE rate and surcharge;
 - listing the names of the companies receiving the EITE rate;
 - describing the overall impact on all the ratepayers;
 - providing the anticipated monthly and annual impact on the ratepayer receiving the notice;
 - explaining the exemptions along with the process for customers to obtain those exemptions; and
 - explaining the process to file any complaints with Minnesota Power.

The notice shall be approved by the Executive Secretary.

11. There shall be a separate line on each customer bill identifying the "EITE Surcharge" being paid by the customer. Each bill shall contain explanation of the Surcharge with the text, form, and placement to be approved by the Executive Secretary. The notice shall at a minimum contain the following:

EITE Surcharge is to pay for special reduced electric rates of 11 large industrial customers pursuant to a law passed by the Minnesota legislature in 2015 (Minn. Stat. § 216B.1696). The legislature allowed Minnesota Power to implement this surcharge on the ratepayers to recover the cost of lowered rates of these 11 large industrial customers because they are "Energy Intensive Trade Exposed" (EITE) companies. The 11 companies receiving the special lower rate paid for by the surcharge are:

[name companies]

Any complaints regarding this EITE Surcharge should be directed to Minnesota Power at [location for complaints to be sent in by phone, email, and mail].

In addition, for Residential customer bills, the explanation will also include the following language:

Exemption from EITE Surcharge. You may be entitled to an exemption from the surcharge. Minn. Stat. § 216B.1696 prohibits Minnesota Power from collecting the surcharge from low-income residential ratepayers. To determine if you qualify for this exemption you can contact Minnesota Power at [location for low-income exemption request to be sent in by phone, email, and mail].

12. Minnesota Power shall make a compliance filing within 30 days incorporating the Commission's decisions regarding the above matters.
13. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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