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December 10, 2019

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

Re: In the Matter of a Petition to Ensure Competitive Electric Rates for  
Energy-Intensive Trade-Exposed Customers  
**Docket No. E015/M-16-564**

Dear Mr. Wolf:

Minnesota Power submits its Reply Comments in the above-referenced Docket. If you have any questions regarding this filing, please contact me at (218) 723-3963 or [dmoeller@allete.com](mailto:dmoeller@allete.com).

Yours truly,

David R. Moeller  
*Senior Attorney and  
Director of Regulatory Compliance*

DRM:sr  
Attach.

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

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In the Matter of a Petition to  
Ensure Competitive Electric Rates fo  
Energy-Intensive Trade-Exposed Customers

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Docket No. E015/M-16-564

**REPLY COMMENTS**

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**I. INTRODUCTION**

On October 10, 2019, the Minnesota Public Utilities Commission (“Commission”) issued a Notice of Comment Period seeking comments on Minnesota Power’s (or “the Company”) request for an extension to its Rider for Energy-Intensive Trade-Exposed (“EITE”) Customers until final rates in the Company’s 2020 rate case are effective. In the Notice the Commission outlined comment deadlines and the issue open for comment.

**Issue:**

*Should the Commission grant Minnesota Power’s request to extend the term of its EITE Rider until final rates are established in Minnesota Power’s 2020 general rate case, in Docket No. E-015/GR-19-442?*

Several stakeholders submitted initial comments in response to the Notice including, Office of the Attorney General - Residential Utilities and Antitrust Division (“OAG”), Citizens Utility Board of Minnesota (“CUB”), Energy CENTS Coalition, Large Power Intervenors (“LPI”), and the Department of Commerce, Division of Energy Resources (“Department”). In the following sections of these Reply Comments the Company will address these initial responses.

## II. RESPONSE TO COMMENTS

In its December 21, 2016 EITE Order<sup>1</sup>, the Commission approved Minnesota Power's revised proposal to limit the EITE Rider to a four-year term. The EITE Rider was effective beginning February 1, 2017. Minnesota Power suspended the EITE Rider for three months from September 29, 2017 to January 1, 2018. The EITE Rider will expire on February 1, 2021 unless extended by the Commission. In its October 7, 2019 Letter in the docket, Minnesota Power respectfully requested the Commission grant a procedural extension to continue the EITE Rider until new final rates in the 2020 rate case are effective. The Company also clarified that it is not requesting any modifications to the EITE Rider or any other aspect of the extensive EITE docket.

In their initial comments within the docket, CUB, Energy CENTS, LPI, and the Department were generally supportive, and recommended approval, of Minnesota Power's EITE Rider extension request. The Company appreciates the initial support of its extension request from LPI, CUB, Energy CENTS and the Department. In their Comments, CUB and Energy CENTS also request that the Commission prohibit the Company from recovering any EITE-related costs from non-EITE customers beyond February 1, 2021. The Company is supportive of this stipulation. The Company also agrees with and supports the sentiment that it is preferable to address rates through a general rate case proceeding. This extension will ultimately result in a more streamlined rate case proceeding and eliminate the complexity of the EITE rate expiring prior to the implementation of final rates.

Alternatively, the OAG recommended the Commission deny Minnesota Power's request to extend the EITE Rider beyond its approved term. The OAG cited reasons for the denial as outlined below.

*The Company has not met the statutory prerequisites for an extension.*

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<sup>1</sup> DOCKET NO. E-015/M-16-564

The OAG claims that the Company is asking the Commission to “extend the EITE rider for an indeterminate period”. This assertion is incorrect. The Company is asking the Commission to extend the EITE Rider only in the circumstance that final rates are not in place by February 1, 2021. If the EITE Rider is extended due to final rates not having been implemented by February 1, 2021, the EITE Rider would only be extended until such time as final rates are implemented. It would then expire on the day final rates are implemented.

The OAG also states that rate-impact misalignment is not a valid basis for extending the EITE Rider. Minnesota Power previously demonstrated the required net benefits test through analysis provided in the EITE docket. The Commission approved the EITE rate and a potential definitive procedural extension does not warrant a new or updated analysis of the net benefits or EITE rate in general. If the Commission agrees with the OAG that a new net benefits test is required under statute to align the current EITE discount with new final rates, Minnesota Power respectfully requests the Commission allow Minnesota Power to withdraw this request and no further action is required.

*Minnesota Power’s request inappropriately invites the Commission to prejudge the decisions that it will make in the Company’s pending rate case.*

The OAG contends that because EITE customers’ base rates do not include an EITE discount, it appears that Minnesota Power, by basing its interim rate design on discounted Large Power revenues, has changed the existing rate design in violation of the interim-rate statute, Minn. Stat. § 216B.16, subd. 3. This issue was briefly raised by the OAG at the December 5, 2019 interim rate hearing, but no action was taken on this issue by the Commission. The Commission adopted a motion that included a decision alternative accepting Minnesota Power’s existing rate design proposal. No further action needs to occur on this issue to the extent it has not already been decided by the Commission and is not subject to reconsideration until the end of the rate case under Minn. Stat. § 216B.16, subd. 3(a) (“no interim rate schedule ordered by the commission pursuant to this

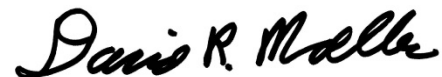
subdivision shall be subject to an application for a rehearing or an appeal to a court until the commission has rendered its final determination.”).

### III. CONCLUSION

Minnesota Power appreciates the opportunity to address the concerns of stakeholders and the alignment of the Company’s large industrial customers, consumer advocates and the Department of Commerce in support of the extension of the EITE rider. The Company contends that its procedural request for a potential a short extension of its EITE rider is appropriate, reasonable and will allow for a more streamlined review of the 2020 rate case.

Dated: December 10, 2019

Respectfully submitted,



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

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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Susan Romans of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **10<sup>th</sup>** day of **December, 2019**, she served Minnesota Power's Reply Comments in **Docket No. E015/M-16-564** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



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Susan Romans