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December 10, 2019

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

**Re: In the Matter of Minnesota Power's Revised Petition for a Competitive Rate
for Energy-Intensive Trade-Exposed ("EITE") Customers
Docket No. E-015/M-16-564**

Dear Mr. Wolf:

The Office of the Attorney General—Residential Utilities and Antitrust Division ("OAG") submits these reply comments in response to the Commission's October 10, 2019 Notice of Comment Period on Minnesota Power's (or "the Company's") request to extend the EITE rider, which provides a rate discount to certain large industrial customers ("EITE customers") at the expense of certain other customers ("EITE-paying customers").

The Commission approved the EITE rider for a four-year term, consistent with Minnesota Power's proposal. Consequently, the rider will expire in February 2021. Now, however, Minnesota Power asks the Commission to extend the rider until final rates take effect in its pending rate case—whenever that may be. The Company asserts, somewhat cryptically, that this extension is necessary to avoid "misalignment between the Commission's decisions on new final rates and what impact, if any, the expiration of the current EITE Rider means for all Minnesota Power customers."

The OAG's initial comments highlighted the Company's failure to provide valid grounds for an extension and recommended denying the request. The OAG also suggested that, if rate-impact "misalignment" is truly a concern, then terminating the EITE rider effective with interim rates would be an equally effective way to avoid any misalignment. The OAG suspects, however, that the real goal here is to prolong a subsidy in favor of Minnesota Power's largest industrial customers.

Citizens Utility Board of Minnesota ("CUB") and Energy CENTS Coalition ("Energy CENTS") recommend that, if the Commission extends the EITE rider, it also prohibit the Company from collecting any EITE-related costs from EITE-paying customers after February 1, 2021. As explained below, however, this recommendation would not fully protect EITE-paying customers from the rider's impact.

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The reason EITE-paying customers would be harmed by extending the rider—even if they pay no EITE-related surcharges—is that Minnesota Power’s current base rates are higher than they would otherwise be, due to the existence of the rider. In the Company’s last rate case, the Commission ordered certain Large Power-customer revenues removed from the test year because those revenues were already being accounted for in a separate EITE tracker account.¹ Removing these revenues from the test year resulted in higher base rates for all customers.

When the EITE rider expires, these Large Power revenues will no longer need to be accounted for in the EITE tracker and can be used to reduce base rates. Extending the EITE rider beyond its scheduled expiration date would unnecessarily delay the return of these revenues to EITE-paying customers, harming them irrespective of whether their bills reflect any EITE-related surcharge during the extension period.

For the foregoing reasons, and the reasons stated in the OAG’s initial comments, the Commission should reject Minnesota Power’s request to extend the EITE rider. The Company has not shown any valid basis for extending the rider, and EITE-paying customers would be harmed by an extension even if they are never assessed a surcharge.

Dated: December 10, 2019

Respectfully submitted,

KEITH ELLISON
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s/ **Peter G. Scholtz**

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¹ See *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-16-664, Findings of Fact, Conclusions, and Order at 52 (Mar. 12, 2018).

AFFIDAVIT OF SERVICE

**Re: In the Matter of Minnesota Power’s Revised Petition for a Competitive Rate
for Energy-Intensive Trade-Exposed (“EITE”) Customers
Docket No. E-015/M-16-564**

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

I, JUDY SIGAL, hereby state that on the 10th day of December, 2019, I e-filed with eDockets *Reply Comments of the Office of the Attorney General—Residential Utilities and Antitrust Division* and served the same upon all parties listed on the attached service list by email, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

s/ Judy Sigal
Judy Sigal

Subscribed and sworn to before me
This 10th day of December, 2019.

s/ Patricia Jotblad
Notary Public

My Commission expires: January 31, 2020.

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