



30 west superior street / duluth, minnesota 55802-2093 / 218-723-3961 / www.allete.com

Christopher D. Anderson
Associate General Counsel

218-723-3961
Fax 218-723-3955
E-mail canderson@allete.com

September 30, 2015

VIA ELECTRONIC FILING

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

RE: Minnesota Power's Petition for Approval of Credit to Customers
Docket No: E015/M-15-_____

Dear Mr. Wolf:

Attached for filing with the Minnesota Public Utilities Commission is Minnesota Power's Petition for Approval of Credit to Customers (Public Version).

Yours truly,

Christopher D. Anderson

Attachment

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 30th day of September, 2015, she served Minnesota Power's Petition for Approval of Credit to Customers on the Minnesota Public Utilities Commission via electronic filing. The remaining parties on the attached service list were served as requested.



Jodi Nash

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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	GEN_SL_Minnesota Power_Minnesota Power General Service List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Margaret	Hodnik	mhodnik@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
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	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Karen	Turnboom	karen.turnboom@newpagecorp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

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

In the Matter of Minnesota Power's
Petition for Approval of Credit
to Customers

Docket No. E-015/M-15-___

SUMMARY

Minnesota Power submits this Petition to the Minnesota Public Utilities Commission ("Commission") pursuant to Minn. Stat. § 216B.16 and Minn. Rules 7829.1300. Minnesota Power is seeking Commission approval to credit customers [**TRADE SECRET DATA EXCISED**], as well as the appropriate method for allocating the funds received to the affected customers.

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

In the Matter of Minnesota Power's
Petition for Approval of Credit
to Customers

Docket No. E-015/M-15-___

I. INTRODUCTION

Minnesota Power submits this Petition to the Minnesota Public Utilities Commission ("Commission") pursuant to Minn. Stat. § 216B.16 and Minn. Rules 7829.1300 Minnesota Power is seeking Commission approval for the treatment of a credit associated with [TRADE SECRET DATA EXCISED]. Furthermore, Minnesota Power is seeking Commission approval of its method to allocate the funds to the affected customers through a credit that follows two core principles: allocate the credit to those customers who were impacted, and provide the credit to customers over an appropriate period of time.

II. PROCEDURAL MATTERS

A. General Filing Information

Pursuant to Minn. Stat. § 216B.16, subd. 1 and Minn. Rule 7829.1300, Minnesota Power provides the following required general filing information.

1. Summary of Filing (Minn. Rule 7829.1300, subp.1)

A one-paragraph summary accompanies this Petition.

2. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rules 7829.1300, subp. 2, Minnesota Power eFiles the Petition on the Department of Commerce Department of Energy Resources and the Office of the Attorney General-Antitrust and Utilities Division. A summary of the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 is being served on Minnesota Power's General Service list.

3. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))

Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 722 – 2641

4. Name, Address and Telephone Number of Utility Attorney (Minn. Rule 7829.1300, subp. 4(B))

Christopher D. Anderson
Associate General Counsel
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723 – 3961
canderson@allete.com

5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))

This Petition is being filed on September 30, 2015. Minn. Rule 7825.3200 requires that utilities serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. Minnesota Power is proposing to implement these credits with an effective date of January 1, 2016.

6. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp. 4(D))

This Petition is made pursuant to Minn. Stat. § 216B.16. Minn. Rule 7825.3200 requires that utilities serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. Furthermore, Minnesota Power's proposed tariff changes fall within the definition of a "Miscellaneous Tariff Filing" under Minn. Rules 7829.0100, subp. 11 and 7829.1400, subp. 1 and 4, permitting comments in response to a miscellaneous filing to be filed within 30 days, and reply comments to be filed no later than 10 days thereafter.

7. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))

Leann Oehlerking-Boes
Manager – Energy Pricing & Billing
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 355-3832
lboes@mnpower.com

8. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 4(F))

The proposed credit to customers will have no effect on Minnesota Power’s base rates. The additional information required under Minn. Rule 7829.1300, subp. 4(F) is included throughout this Petition.

9. Service List (Minn. Rule 7829.0700)

Christopher D. Anderson
Associate General Counsel
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723 - 3961
canderson@allete.com

Leann Oehlerking-Boes
Manager – Energy Pricing & Billing
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 355 - 3832
lboes@mnpower.com

III. ALLOCATION OF FUNDS

A. Background

[TRADE SECRET DATA EXCISED]

Minnesota Power is proposing to allocate the [TRADE SECRET DATA EXCISED] to the customers that were affected by the service issues during the prior contract term. Two core principles of this allocation are to provide credit to those customers who were impacted, and to provide the credit to customers over an appropriate period of time.

B. Description of Allocation Methodology

The [TRADE SECRET DATA EXCISED] must initially be allocated between Minnesota Power and WPPI based on the cost of replacement power incurred across Minnesota Power's entire steam fleet during the months of October 2013 through February 2014 and July 2014 through November 2014 before an allocation to Minnesota Power customers can occur. Because Boswell Unit 4 was affected by the service issues, a portion of the [TRADE SECRET DATA EXCISED] needs to be allocated to WPPI due to their partial ownership in Boswell Unit 4. The amount to be allocated to WPPI is [TRADE SECRET DATA EXCISED]. The remaining [TRADE SECRET DATA EXCISED] ("Credit Amount") will be allocated to Minnesota Power customers based on the following methodology.

The Credit Amount will be adjusted for the jurisdictional split between wholesale municipal and retail customers served by Minnesota Power, and the retail portion will then be allocated to individual retail customer rate classes based on the class level power supply production allocation factors established in Minnesota Power's last rate case.¹ Once the Credit Amount is established, the amounts credited to individual retail Large Power customers and wholesale municipal customers will be calculated based on their contributions to the total energy sales for their respective classes for the impacted billing months as shown in Attachment A. Because there are only approximately 30 customers in these classes, Minnesota Power will calculate individual credit amounts for these customers.

The remaining customer classes will have the [TRADE SECRET DATA EXCISED] credited to them through an adjustment factor ("Billing Factor Value"). The Billing Factor Value will be established as shown in Attachment A by determining the total energy sales for the remaining customer classes divided into the Targeted Credited Amount to obtain a generic rate per kilowatt-hour ("kwh"); this generic rate will then be multiplied by the E8760 class-specific energy allocator from Minnesota Power's 2009 rate case to establish the final credit rate by customer class. The Billing Factor Value will be applied to the billing months of January 2016 through June 2016. The credit related to the Billing Factor Value will appear within the Resource

1) ¹ *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-09-1151, Minnesota Power Exhibit __ (SJS) Rebuttal Schedule 3, page 9 of 15, (April 29, 2010).

Adjustment line on the customer bills. The Resource Adjustment line currently includes both the Conservation Program Adjustment and the Fuel and Purchased Energy Adjustment.

Minnesota Power will track the credited amount by customer class on a monthly basis over the six-month period to ensure that the total credit approximately matches the Targeted Credit Amount. The Billing Factor Value will be reevaluated after five (5) months to determine if an adjustment to the factor is required for the sixth month to ensure the appropriate credit amount per customer class. The details of the credit calculation methodology are provided in Attachment A. The estimated credit amount for a typical residential customer is \$6.33.

IV. PROPOSED ALLOCATION IS IN THE PUBLIC INTEREST

The proposed allocation methodology is in the public interest because it allocates the [TRADE SECRET DATA EXCISED] directly to the customers that were impacted by the service disruptions during 2013-2014. The methodology provides a reasonable process to fairly allocate the funds to as many customers as possible. Minnesota Power recognizes that some impacted customers may have left our system and will not receive credits. Minnesota Power believes that our approach balances administrative simplicity with providing an appropriate credit to the affected customers.

V. CONCLUSION

Minnesota Power respectfully requests that the Commission approve the proposed treatment of the [TRADE SECRET DATA EXCISED].

Dated: September 30, 2015

Respectfully submitted,



Leann Oehlerking-Boes
Manager – Energy Pricing & Billing
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 355-3832
lboes@mnpower.com

1. Divide the [TRADE SECRET DATA EXCISED] target amount based on the Generation Allocator.

Target: [REDACTED] [TRADE SECRET DATA EXCISED]

	Allocation Factors 1/		
MN Jurisdiction	0.82017	Large Power	51.27%
Residential	0.11259	Other Retail	30.75%
General Service	0.06213	Wholesale	17.98%
Large Light & Power	0.12471		100.00%
Large Power	0.51269		
Municipal Pumping	0.00568		
Lighting	0.00237		
Wholesale Jurisdiction	0.17983		

Target Credit:

Large Power [REDACTED] [TRADE SECRET DATA EXCISED]
 Other Retail
 Wholesale

1/ Power Supply Production (D-01) allocator from Minnesota Power's 2009 MPUC rate case Docket No. E-015/GR-09-1151.

2. Allocate [TRADE SECRET DATA EXCISED] to LP customers based on firm kWh for the Dec 2013 - April 2014, and Sept 2014 - Jan 2015 time period.

Customer	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Total
[TRADE SECRET DATA EXCISED]	[A]										

[A]ror

LP total kWh [A]ror
 LP target credit (\$) [B]ror
 LP Rate (\$/kWh) [C] = [B]ror/[A]ror

Allocated Credit

US Steel	[B] = [A]*[C]
UTAC	[B] = [A]*[C]
HIBTAC	[B] = [A]*[C]
Arcelor-Mittal	[B] = [A]*[C]
Mesabi Nugget	[B] = [A]*[C]
Blandin	[B] = [A]*[C]
Boise	[B] = [A]*[C]
New Page	[B] = [A]*[C]
Seppi	[B] = [A]*[C]
Total	[B]ror

[TRADE SECRET DATA EXCISED]

1/ Large Power customers firm kWh taken from Minnesota Power's Customer Information System.

3. Calculate Magnetation Plant IV credit since they changed rates from LLP to LP after the period in question and would not receive an automated Credit.

Calculate Magnetation credit at the same rate as the LP credit.

LP total kWh [A]
 LP target credit (\$) [B]
 LP Rate (\$/kWh) [C] = [B]/[A]

Magnetation Plant IV usage

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Total
Magnetation	[REDACTED]										

Magnetation Credit [REDACTED] [E] = [C]*[D] [TRADE SECRET DATA EXCISED]

Adjustment to Other Retail Credit

Allocated amount to Other Retail classes [REDACTED]
 Less Magnetation credit:
 Target Other Retail credit amount to be processed through automated billing:

[REDACTED] [TRADE SECRET DATA EXCISED]

5. Determine a rate to use to credit non-Large Power retail customers [TRADE SECRET DATA EXCISED].

[TRADE SECRET DATA EXCISED]	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total [A]
Customer Class	[TRADE SECRET DATA EXCISED]						[A] _{TOT}

Total kWh impacted [A]_{TOT}
 Target Credit [B]_{TOT}
 Generic Rate (\$/kWh) [C] = [B]_{TOT}/[A]_{TOT}

[TRADE SECRET DATA EXCISED]

E8760 Factors 2/
 [D]

Residential	1.07076
General Service	1.07093
Large Light & Power	1.00424
Municipal Pumping	0.98103
Lighting	0.74029

Cross Product 3/
 [E] = [A]*[D]

[TRADE SECRET DATA EXCISED]

[TRADE SECRET DATA EXCISED]

Billing Factor Value 4/
 [G] = [C]*[D]/[F]

[TRADE SECRET DATA EXCISED]

Calculated Credit
 [B] = [A]*[G]

[TRADE SECRET DATA EXCISED]

[TRADE SECRET DATA EXCISED]

1/ 2016 Firm kWh taken from MP's 2016 budget.
 2/ E8760 allocation factors from MP's 2009 MPUJ rate case Docket No. E-015/GR-09-1151.
 3/ It is necessary to normalize the E8760 Factors using the cross product of the factors and the projected kWh in order to avoid over- or under-crediting customers.
 4/ Calculated amount that each customer class bill factor will be reduced by for the six month period from January 2016 through June 2016.