

November 16, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/M-18-603

Dear Mr. Wolf:

Attached are the reply comments of the Minnesota Department of Commerce, Division of Energy Resources (Department or DOC), in the following matter:

Minnesota Power's Request for Approval of an Amendment to an Electric Service Agreement between Verso Minnesota Wisconsin LLC and Minnesota Power.

The petition was filed on September 25, 2012 by:

David R. Moeller
Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802

The Department recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

/s/ EILON AMIT
Statistical Analyst

EA/jl
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E015/M-18-603

I. BACKGROUND

On September 21, 2018, Minnesota Power (MP or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) for Approval of an Amendment to an Electric Service Agreement between Verso Minnesota Wisconsin LLC (Verso) and MP.

On October 16, 2012, the Department filed comments recommending approval of MP's petition contingent on MP providing certain information. The required information is specified in Section III. A (Conclusion) of the Department's Initial Comments.

On October 16, 2018, MP filed reply comments.

II. ANALYSIS

In its comments the Department recommended approval of MP's petition provided that MP provides the following information:

- A. Clearly identify any terms of the proposed amended Electric Service Agreement (Amended Agreement) which may be in conflict with the applicable tariff. Where the proposed Amended Agreement has service conditions or terms different from the LP Service Schedule, MP should identify the difference and clarify whether specific Commission approval is required.
- B. MP must describe any potential conflict between its proposed Amended Agreement and its tariff and provide a justification as to why the Agreement should control, including relevant Commission precedent. In the cases of unreconcilable conflict between the applicable tariff and the proposed Amended Agreement, MP must resolve the conflict by either changing the proposed Amended Agreement or the tariff.

MP provided the above requested information in its reply comments. Regarding item A above, the only term that may be in conflict with the applicable tariff is the ten-year minimum

contract period required by the standard language in MP's Large Power Service Schedule (LP tariff). Regarding this issue, MP noted that the Amendment is an extension of the Agreement with Verso and not an initial term and as such does not conflict with the ten-year minimum contract period requirement. The Department agrees with MP's position on this issue.

Regarding item B above, MP explained that none of the provisions in the proposed Amended Agreement is in conflict with the terms of the tariff for Large Power customers. The Department discusses each of the amended provisions in the proposed Amended Agreement as related to the tariff for Large Power (LP) customers below.

1. *Paragraph 2 - Term of Agreement*

The Amendment provides that the term shall be extended through December 31, 2024. Since this term is an Amendment to an existing contract with Verso, the ten-year requirement is not applicable (the requirement is only applicable to initial contracts).

2. *Paragraph 3 - Large Power Incremental Production Service*

This provision already exists as a Rider for the LP customers.

3. *Paragraph 5 - Corporate Guarantee*

This new provision provides for the parent guaranty of due payments from Verso to MP. Details of the Guaranty are provided in Attachment A of MP's initial filing. This provision is not in conflict with any of MP's tariffs.

4. *Paragraph 6 – Weekly Expedited Billing*

MP explained that weekly expedited billing is not consistent with the existing Rider for Expedited Billing Procedures. Such a procedure was previously approved by the Minnesota Public Utilities Commission (Commission) in Docket No. E015/M-12-1025 and thus, does not require specific Commission approval once again. The Department agrees with MP regarding this issue.

Based on its discussion above, the Department concludes that MP provided the information requested by the Department in its initial comments (Department's Recommendations 1.c and 1.f). Moreover, none of the provisions in the Amended Agreement between MP and Verso is in conflict with existing terms of the LP tariff and all the new terms of the Amended Agreement are reasonable.

III. RECOMMENDATION

Based on its review and analysis of MP's petition and MP's Reply Comments, the Department recommends that the Commission approve the proposed Amended Agreement between MP and Verso.

/jl

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Reply Comments**

Docket No. E015/M-18-603

Dated this 16th day of November 2018

/s/Sharon Ferguson

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