



AN ALLETE COMPANY

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May 2, 2016

VIA E-FILING

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

Re: In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide
Regulation on Electricity Generation under Minn. Stat. § 216H.06
Docket No.: E-999/CI-07-1199

Dear Mr. Wolf:

The Minnesota Public Utilities Commission (“Commission”) issued a Notice of Comment Period (“Notice”) in the Matter of Establishing an Estimate of the Costs of future Carbon Dioxide Regulation on Electric Generation Under Minn. Stat §216H.06, Docket No. E-999/CI-07-1199 on April 1, 2016. The Notice specified Initial Comments were due on April 21, 2016, with Reply Comments due on May 2, 2016. Minnesota Power respectfully submits its Reply Comments.

Please contact me at the number provided above with any questions or concerns.

Yours truly,

A handwritten signature in black ink that reads 'David R. Moeller'.

David Moeller

DRM:sr
Attach.
cc: Official Service List

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

In the Matter of Establishing an Estimate
of the Costs of Future Carbon Dioxide
Regulation on Electricity Generation
Under Minn. Stat. § 216H.06

Docket No. E999/CI-07-1199

**MINNESOTA POWER'S
REPLY COMMENTS**

Minnesota Power submits these Reply Comments to the Minnesota Public Utilities Commission (“Commission”) in response to Otter Tail Power (“OTP”), Xcel Energy (“Xcel”), and the Clean Energy Organizations (“CEO”) who each filed Initial Comments on April 21, 2016. The Notice of Comment Period (“Notice”) issued by the Commission on April 1, 2016, in the above referenced Docket invited Comments on the range of cost estimates for the future cost of carbon dioxide (“CO₂”) regulation on electricity generation, as specified by Minn. Stat. § 216H.06. Specifically, the topics open for comment include: what CO₂ values should the Commission adopt for 2016; should the Commission, at this time adopt CO₂ values for 2017; are the comments of the Minnesota Pollution Control Agency and the Minnesota Department of Commerce - Division of Energy Resources consistent with prior Commission Orders in this Docket; should the Commission open a docket to reexamine the relationship between the external cost of CO₂ and the anticipated regulatory cost of CO₂, as recommended in comments by the CEOs in Docket 15-708; and any other docket-related issues or concerns.

In general, Minnesota Power agrees with the Initial Comments filed by OTP,¹ Xcel, and CEO on the topics related to adopting CO₂ values for the years 2016 and 2017; however, the Company continues to oppose the CEO’s recommendation to have the Commission open up a generic docket to reexamine the relationship between the external cost of CO₂ and the anticipated regulatory cost of CO₂. As the Company stated in its April 21, 2016 Initial Comments, the future cost of CO₂ regulation on electricity generation, and the environmental and socioeconomic costs were established to account for very specific and different factors associated with carbon

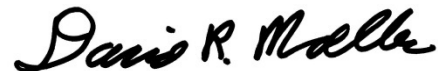
¹ Minnesota Power agrees with OTP’s position that the Commission should adopt CO₂, values for 2017.

emissions, and in the case of externalities costs, other emissions as well.² Minnesota Power agrees with OTP and Xcel that there is no value in opening a generic docket, and recommends that, at a minimum, the Commission defers consideration of whether the opening of a generic docket is warranted until such time impending federal regulatory changes currently underway and decision on what actions the State of Minnesota will take for compliance with the Clean Power Plan are known and finalized.

Minnesota Power appreciates the opportunity to file Reply Comments on this important subject matter.

Dated: May 2, 2016

Respectfully submitted,

A handwritten signature in black ink that reads "David R. Moeller". The signature is written in a cursive, slightly slanted style.

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² See March 29, 2016, Comments by the Minnesota Pollution Control Agency and Department of Commerce – Division of Energy Resources (Docket No. E999/CI-07-1199).

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

AFFIDAVIT OF SERVICE VIA
E-FILING AND
FIRST CLASS MAIL

Susan Romans, of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **2nd day of April, 2016**, she filed Minnesota Power's Comments in **Docket No. E999/CI-07-1199** on the Minnesota Public Utilities Commission and the Minnesota Department of Commerce via electronic filing. The remaining parties on the attached Official Service List were served as indicated.



Susan Romans

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