



July 30, 2020

**VIA E-FILING**

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

Re: In the Matter of the Petition of the Minnesota Rate Regulated Electric and Gas Utilities for Authorization to Track Expenses Resulting From the Effects of COVID-19 and Record and Defer Such Expenses into a Regulatory Asset  
**Docket No. E,G999/M-20-427**

Dear Mr. Seuffert:

Minnesota Power respectfully submits its first quarterly report in response to the Minnesota Public Utilities Commission Order and Notice of Clarification of Quarterly Reporting Requirements, in the above-referenced Docket.

Minnesota Power is currently in the process of determining the revenue impact but has currently seen a decrease in retail sales of 650,312,417 kWh and will provide additional details in its next quarterly report.

Please contact me at (218) 355-3455 or [hcreurer@allete.com](mailto:hcreurer@allete.com) if you have any questions regarding this filing.

Yours truly,



Hillary A. Creurer  
*Regulatory Compliance Administrator*

HAC:th  
Attach.

Minnesota Power  
COVID-19 Deferred Accounting  
As of June 30, 2020

Categories/Sub-categories		Short Description	Incremental Impact to date
<b>1. Uncollectible Accounts Expenses</b>			
1.1	Uncollectible Bad Debt / Increased Accounts Receivables	Increased reserves for anticipated increase in customer uncollectibles	/1
<b>2. Other Operating Expense Impacts (O&amp;M, Labor, etc.)</b>			
2.1	Direct and Indirect Labor and Employee Expenses		
2.1.1	Sequestration Expenses	Costs associated with and preparing for sequestering key employees to assure avoidance with COVID-19 infection.	\$7,900
2.1.2	Overtime and other (Premium) Salary Payments	Salaries/bonuses to employees working additional shifts to cover for those that are sick/quarantined or unable to work during the pandemic.	\$24,727
2.1.2.1	Employee Retention Payment	Wages paid to employees as defined under the Employee Retention Credit provision of the CARES Act.	\$540,287
2.1.3	Shift costs from Capital to O&M	Impact of crews shifting work from capital projects to O&M activities to maintain utility service.	/2
2.1.4	Sick Time	Sick time benefit granted in response to prolonged illness related to COVID-19.	/3
2.1.5	Health Benefit Charges	Increased Screenings	/4
2.1.6	Security and Personnel Safety Expenses		/2
2.1.7	Increased Worker's Compensation Expense		/2
2.2	Non-Labor		
2.2.1	Cleaning/Sanitizing		\$20,112
2.2.2	Physical Distancing Accommodations		/2
2.2.3	Public/Customer Communication	Bill Inserts, community-service, or other related messages.	\$0
2.2.4	Materials Purchased	Materials and Supplies purchased in support of pandemic response (hand sanitizer, personal protection equipment, thermometer, etc.) Sequestration Supplies (trailers, beds/bedding, electrical hookups, fire extinguishers, propane, bottled water, food/meals)	\$597,645
2.2.5	Services from Outside Vendors	Consulting services for pandemic planning and response procedures; additional cleaning of facilities; installation of minor facility improvements to promote containment (hand sanitizing stations, duct work, etc.)	\$40,095
2.2.6	Continuation of Service and Tools to Facilitate Work		
2.2.6.1	Information and Communication Services & Equipment	Additional tools to support work from home directive as prescribed by the State and Federal Orders (cyber security, expanded conference line capacity, increased network bandwidth, head-sets, expanded remote calling ability for call center, and other tools needed)	\$46,176
2.2.6.2	Generation Fleet	Additional costs for social distancing and workforce changes.	/2
2.2.7	Deferred Maintenance	Costs associated with "catching-up" with maintenance that could/should not be done during the COVID-19 stay-at-home orders.	/2
2.2.8	Other Employee Expense	Reduced Spend (conference cancellations, travel, etc.) Per diem for job location reporting changes	(\$555,754)
<b>3. Revenue Impacts</b>			
3.1	Waiver of Late Payment Charges		\$233,302
3.2	Reconnection Costs and Fees Waived		\$480
3.3	Sales	Loss of Load / Increased Load - Customer Class Dependent Released Firm Sales (Off-set of Loss of LP Customer Load)	/5
3.4	Service and Facility Fees	Changes as a result of decrease in customer counts	
3.5	Transport (for natural gas)		/6
3.6	Other Revenue	Refined coal & Fly Ash Sales	\$244,864
<b>4. Other/Miscellaneous</b>			
4.1	Capital-Delayed Projects	Impacts on AFUDC, Depreciation or Rider Revenue	/2
4.2	Lost Production Tax Credit		/4
4.3	Changes to Capital Costs	Changes in short-term and long-term debt costs	/4
4.4	Employee Retention Tax Credit	Lower Company payroll tax expense from CARES Act	(\$266,856)
<b>Net Impact</b>			<b>\$932,978</b>

/1 - YTD Bad Debt is approximately \$440,000, which is similar to prior years. There has been no incremental increase at this time when compared to the 2019 Rate Case Test Year.

/2 - Unable to determine an impact at this time.

/3 - Minnesota Power uses one paycode for all pandemic related labor costs which includes both unable to work and sick time.

/4 - Currently no impact anticipated to Minnesota Power's Operations

/5 - Currently in the process of determining the impact

/6 - Not applicable to Minnesota Power

**Minnesota Power**  
**COVID-19 Deferred Accounting**  
**Accounts Receivable Aging, by Class**  
**As of June 30, 2020**

Class	0-30 days past due	31-60 days past due	61-90 days past due	90+ days past due	Total /1
Residential	5,481,884.33	1,074,294.74	744,479.18	1,304,588.17	8,605,246.42
Commerical	4,376,814.31	326,269.68	157,941.23	185,152.22	5,046,177.44
Municipal	7,031,294.69	179.74	-	-	7,031,474.43
Industrial	12,906,302.14	10,566.33	2,055.10	109,928.55	13,028,852.12
Other	2,995,293.40	24,079.50	106,490.18	658,318.76	3,784,181.84
<b>Total</b>	<b>32,791,588.87</b>	<b>1,435,389.99</b>	<b>1,010,965.69</b>	<b>2,257,987.70</b>	<b>37,495,932.25</b>

/1 Minnesota Power is starting to see Accounts Receivable grow but at this time there is no certainty if these receivables will convert to uncollectible. Minnesota Power will continue to monitor.

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

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 30<sup>th</sup> day of July, 2020, she served Minnesota Power's Quarterly Report in **Docket No. E,G999/M-20-427** 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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Tiana Heger