

March 4, 2021

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/M-20-825

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Minnesota Power's Rider for Boswell Center Unit 4 (BEC4) Emissions Reduction and 2021 Factor

The Petition was filed on January 19, 2021 by:

Lori Hoyum
Regulatory Compliance Administrator
Minnesota Power
30 West Superior Street
Duluth, MN 55802-2093

The Department recommends that the Commission **approve the request with compliance requirements**. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E015/M-20-825

I. BACKGROUND

On January 19, 2021 Minnesota Power (MP or the Company) filed a petition (Petition) with the Minnesota Public Utilities Commission (Commission) requesting to end the Boswell Energy Unit 4 (BEC4) rider credit. Specifically, MP requests Commission approval to:

- formally end the credit for the “All Other” customer group;
- zero out the tracker balance for the “All Other” customer class;
- end the credit for the “Large Power” customer class once the credit remaining in the tracker is smaller than would be provided in a typical month;
- utilize supplemental filings to this Docket to provide the details to zero out both trackers; and
- reverse the amount that is in the tracker related to the Ash Pond project that has been determined to no longer be recoverable in the BEC4 Rider.

On August 31, 2012 MP submitted its BEC4 mercury emission reduction plan petition¹ in compliance with Minn. Stat. § 216B.6851 to the Commission to address mercury, particulate matter, sulfur dioxide, and other hazardous air pollutants that the plant emits. On March 7, 2013 MP submitted a petition² to recover the investments and expenditures associated with the BEC4 project through the BEC4 rider. On November 5, 2013 the Commission approved MP’s BEC4 project and established the BEC4 rider in Docket No. E015/M-12-920.

The Commission updated the BEC4 rider factors in subsequent dockets, approving the 2014 BEC4 rates on July 2, 2014³, the 2015 BEC4 rates on August 24, 2015⁴, and the 2018 BEC4 rates on November 19, 2018⁵. Additionally, the Company requested approval of 2016 BEC4 rates on September 30, 2015 and the Commission issued an order approving those rates on December 21, 2016⁶. However, the on January 12, 2017 the Company submitted a letter to the Commission indicating that the 2016 BEC4 rates would not be implemented to avoid over-collection in 2017 and to not further complicate the 2016 general rate case (Docket No. E015/GR-16-664). The Commission approved the request to not implement the 2016 BEC4 rates on March 22, 2017.

¹ Docket No. E015/M-12-920

² Docket No. E015/M-12-920

³ Docket No. E015/M-13-1166

⁴ Docket No. E015/M-14-990

⁵ Docket No. E015/M-18-264

⁶ Docket No. E015/M-15-876

On November 12, 2020 MP filed a letter (Letter) with the Commission requesting to end the credit on customer bills from the BEC4 rider for the “All Other” customer group effective December 1, 2020, as the tracker was nearing zero. The Company also requested a variance to Minn. Rule 7825.3200, which requires the Company to serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. The Commission approved MP’s request in its December 23, 2020 Order, allowing the “All Other” credit to be provisionally ended on January 1, 2021.

II. PETITION

The Company’s Petition requests to formalize the end of the BEC4 credit for the “All Other” customer group as provisionally approved by the Commission on December 23, 2020. Additionally, the Company seeks approval to zero out the tracker account for the “All Other” customer group via a one-time per kWh charge to customers based on actual kWh usage. Further, the Company requests to end the BEC4 credit for the “Large Power” customer group once the credit remaining in the tracker is smaller than would be normally provided to customers in a typical month and applying a one-time partial credit at that time based on actual billing units in order to zero out the tracker. The Company proposes to use supplemental compliance filings to provide the details on the final credit/charge needed to zero out the trackers at such a time as MP has the necessary data on what these final amounts would be. Finally, the Company proposes to reverse the amount that is in the tracker for the Ash Pond project that the Company has determined to no longer recoverable in the BEC4 rider.

III. DEPARTMENT ANALYSIS

The Department reviewed each of the Company’s requests and provides its analysis below.

A. “All Other” Customer Group

The Company proposes to formally end the credit on customer bills for the “All Other” customer group as was provisionally approved by the Commission on December 23, 2020. The Company projects that ending the credit would increase customer bills by \$0.79 per month, an increase of approximately 0.98 percent. The Department agrees with the Company that the credit should be ended; however, the Commission already ended the credit in its December 23, 2020 Order. Thus, the Department does not believe further action on this issue is necessary. However, if the Commission finds it necessary, the Department supports the Company’s proposal to formally end the BEC4 credit for the “All Other” customer group.

MP’s rider rate for the “All Other” customer group has been negative (i.e. a bill credit, rather than a charge) since December 1, 2018. On November 12, 2020, the Company filed a letter in the instant Docket requesting Commission approval to end the credit effective December 1, 2020. The Commission approved MP’s request to end the credit effective January 1, 2021. As a result of this extra month of bill credits, the Company estimates that it over-credited customers in the “All Other” customer group by approximately \$300,000. In order to clear, or zero out, the tracker account for the “All Other” customer group the Company requests to implement a one-time charge to recover the

remaining tracker balance from customers. The Company states that it will have actuals for the final amount that will need to be charged to the “All Other” customer group in early 2021. Due to the timing of the Company’s billing cycle, the data was not available at the time the Company filed its Petition.

The Department concludes that the Company’s proposal is reasonable. However, because the Company does not yet have final numbers on the amount to be charged to customers for the Department to review, the Department recommends that the Commission require the Company to make a compliance filing detailing the amount final surcharge it intends to assess to the “All Other” customer group and showing tracker data to support the amount of this charge. The Department recommends that the Commission approve MP’s request to make a one-time charge to the “All Other” customer group to recover the remaining BEC4 tracker balance.

B. “Large Power” Customer Group

Similar to the Company’s proposal for the “All Other” customer group, MP requests approval to end the credit for the “Large Power” customer group as the tracker amount ends. The Company projects that at current credit rates, the tracker for the “Large Power” customer group will drop below a full month’s credit amount after June 2021. For this reason the Company proposes to continue the credit until the balance drops between the amount typically credited in a single month, and then make a one-time credit for the remainder of the balance to customers the next month, before ending the credit entirely. The Company estimates that the ending of the credit would result in an increase of approximately 0.79 percent for the “Large Power” customer group.

The Department concludes that the Company’s proposal is reasonable so as to end the credit at the correct time and to prevent the need for further charges or credits to correct that tracker amount. However, again, as the Company does not have final numbers on the tracker amounts or precise details on the size of the final credit, the Department recommends that the Commission require MP to submit a compliance filing detailing the amount credited to the “Large Power” customer group in the final month as well as tracker data to support the charge and the ending of the credit. The Department recommends that the Commission approve MP’s requests to end the BEC4 bill credit and make a one-time credit to close out the tracker balance for the “Large Power” customer group.

C. Ash Pond Project

Finally, the Company requests permission to reverse the amount in the tracker related to the Ash Pond Project that has been determined to be no longer recoverable in the BEC4 Rider by MP. MP states that the current BEC4 tracker, as implemented in 2018, includes the 2017 tracker ending balance, the remaining Ash Pond Project costs, and the Basic Power Electric Cooperative’s revenue credit, which ended in April 2020 (the credit was for a power sales agreement). The majority of the BEC4 project costs were previously rolled into base rates in 2016. The Company states that the Ash Pond project has evolved from solely being attributed to the BEC4 project to addressing specific federal regulation related to the Coal Combustion Residuals rule, and thus is not recoverable in a rider under Minn. Stat.

§ 216B.1692. Thus, MP removed the \$421,195 from the tracker related to the Minnesota jurisdiction for the Ash Pond project from the rider tracker which would have been recovered from customers and decreased the amount to be credited.

The Department reviewed the Company's tracker, which effectively removed the Ash Pond project prior to the end of the revenue credit for the "All Other" customer group, and thus it does not affect the outstanding balance. The Department agrees that as the Ash Pond project is now addressing Federal requirements related to the Coal Combustion Residuals rule, and thus recommends that the Commission approve MP's request to reverse the amount that is in the BEC4 Tracker related to the Ash Pond project.

IV. RECOMMENDATIONS

The Department recommends that the Commission:

- approve MP's request to make a one-time charge to the "All Other" customer group to recover the remaining BEC4 tracker balance;
- require the Company to file a compliance filing detailing the amount charge to the "All Other" customer group and showing tracker data to support the amount of this charge;
- approve MP's requests to end the BEC4 bill credit and make a one-time credit to close out the tracker balance for the "Large Power" customer group;
- require MP to submit a compliance filing detailing the amount credited to the "Large Power" customer group in the final month as well as tracker data to support the charge and the ending of the credit; and
- approve MP's request to reverse the amount that is in the BEC4 Tracker related to the Ash Pond project.

Regarding formally ending the BEC4 credit for the "All Other" customer group, the Department does not believe further action on this issue is necessary, however if the Commission finds it necessary the Department supports the Company's proposal to formally end the BEC4 credit for the "All Other" customer group.

/ja

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
Comments**

Docket No. E015/M-20-825

Dated this 3rd day of March 2021

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-825_M-20-825
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-825_M-20-825
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_20-825_M-20-825
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	OFF_SL_20-825_M-20-825
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-825_M-20-825
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-825_M-20-825