

November 16, 2015

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

**RE: Supplemental Response Comments of the Minnesota Department of Commerce,
Division of Energy Resources
Docket No. E015/M-15-323**

Dear Mr. Wolf:

This letter serves as the Supplemental Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Minnesota Power's 2015 Safety, Reliability and Service Quality Standards Report.

On April 1, 2015, Minnesota Power (MP or the Company) filed a petition (2015 Annual Report) to comply with the Minnesota Public Utilities Commission's (Commission) December 12, 2014 Order¹ and the requirements of Minnesota Rules, Chapter 7826.

MP submitted Supplemental Comments on July 30, 2015 regarding its planned consolidation of three service center locations in Nisswa, Aurora, and Chisholm, effective October 1, 2015.

On July 31, 2015, the Department submitted its Comments recommending that the Commission accept MP's filing, pending the submission of additional information.

MP submitted its Reply Comments on August 10, 2015. The Company provided the additional information requested by the Department regarding reporting of instances exceeding the ANSI standard, restoring involuntarily disconnected customers within 24 hours, customer deposit refunds, and calculations of estimated bills.

On September 23, 2015, the Department submitted its Comments in response to MP's Supplemental Comments filed July 30, 2015 and to MP's Reply Comments filed August 10, 2015. The Department concluded that MP provided reasonable discussions regarding reporting of instances exceeding the ANSI standard, customer deposit refunds, and calculations of estimated bills. However, the Department was not satisfied with MP's discussion on the sharp decrease in the number of involuntarily disconnected customers able to be restored within 24 hours and requested further discussion. The Department also

¹ Docket No. E015/M-14-281.

requested that MP discuss its anticipated plans for the three service center buildings identified in its July 30, 2015 Supplemental Comments.

MP submitted additional Supplemental Comments on November 4, 2015. The Company provided additional discussion on how it evaluated reconnection of involuntarily disconnected customers. MP indicated that there have been no changes to its internal business practices, and since it is the most costly method, disconnection is considered a last-resort method in remedying past due accounts. MP also stated that service is restored not longer than twenty-four hours after receipt of payment, so the increased restoration time is likely not due to an internal matter. The Department appreciates this additional information and concludes that MP has provided a reasonable discussion.

In its November 4, 2015 Comments, MP also addressed the Department's request for more information on the three service center buildings. MP stated that it intends to sell the three buildings as soon as possible, contingent upon securing approval from the Commission. MP further stated that the estimated market value for each of the buildings is below book value, therefore no gain is expected on any of the sales.

The Department notes that any loss on the sale of these buildings will be passed to ratepayers through a reduction to depreciation reserve, therefore increasing rate base. However, the Department trusts that MP will submit detailed information when it seeks approval of these building sales from the Commission in the future, in order to allow parties to evaluate whether the sales are in the public interest.

The Department recommends that the Commission accept MP's 2015 Safety, Reliability, and Service Quality Standards Report in fulfillment of the requirements of Minnesota Rules, Chapter 7826 and the Commission's December 12, 2014 Order.

Additionally, the Department recommends that the Commission set the Company's reliability standards for 2015 as proposed by the Company.

The Department is available to answer any questions that the Commission may have on this matter.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-539-1820

AB/lt

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
Supplemental Response Comments**

Docket No. E015/M-15-323

Dated this 16th day of November 2015

/s/Sharon Ferguson

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