

January 4, 2021

**PUBLIC DOCUMENT**

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

RE: **PUBLIC Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/M-20-814

Dear Mr. Seuffert:

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

Minnesota Power Company's Petition for Approval to Track and Defer Lost Large Industrial Sales Resulting From the COVID-19 Pandemic

The Petition was filed on November 4, 2020 by:

David R. Moeller  
Senior Attorney & Director of Regulatory Compliance  
(218) 723-3963  
[dmoeller@allete.com](mailto:dmoeller@allete.com)  
Minnesota Power Company  
30 West Superior Street  
Duluth, MN 55802-2093

The Department recommends that the Commission **deny Minnesota Power Company's Petition to Track and Defer Lost Large Industrial Sales**. The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/NANCY CAMPBELL  
Financial Analyst Coordinator, CPA

NC/ar  
Attachment



## Before the Minnesota Public Utilities Commission

### PUBLIC Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E015/M-20-814

#### I. INTRODUCTION

On November 4, 2020, Minnesota Power Company (MP or the Company) filed a Petition to request authority to track and record as a regulatory asset lost large industrial customer revenues net of offsetting revenues from market sales (Net Lost Revenues) that have been incurred because two of MP's large industrial customers – United States Steel's Keewatin Taconite mine (Keetac) and the Verso Duluth paper mill (Verso) have indefinitely idled operations. MP requested authorization to track beginning September 1, 2020 and recover the Net Loss Revenues, in MP's next rate case or in a separate proceeding no later than February 1, 2022. MP requested that the Commission resolve this Petition by June 1, 2021. According to MP, this will allow the Company to book Net Lost Revenues in a regulatory asset and incorporate Commission decisions into rate case planning.

On December 18, 2020, the Minnesota Public Utilities Commission (Commission) issued a Notice of Comment Period, asking parties to address the following question:

Should the Commission approve Minnesota Power's request to track and defer lost customer sales?

#### II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed Minnesota Power's deferred accounting request to determine whether the lost large industrial customer revenues are unusual, unforeseeable, and/or extraordinary, financially significant in amount, related to utility operations, and likely to provide or did provide ratepayer benefit. Because the Commission has sometimes approved deferred accounting for costs incurred to meet public policy mandates, the Department also evaluated whether MP's request aligns with current public policy objectives.

##### *A. DOES MP'S LOST LARGE INDUSTRIAL CUSTOMER REVENUES MEET THE FOUR CRITERIA TYPICALLY CONSIDERED BY THE COMMISSION FOR DEFERRED ACCOUNTING REQUESTS?*

The Department believes that MP's proposal does not meet the criteria frequently considered by the Commission in analyzing utility deferred accounting requests. The following discussion addresses each of the criteria against which the Department evaluated the Company's deferred accounting request:

- (1) Unusual, Unforeseeable, and/or Extraordinary** – The Department notes that it is not unusual for MP's large power industrial customers to experience periodic downturns. MP, in response to Office of Attorney General (OAG) information request no. 10, identified 8 years where the

Company experienced loss of load greater than 40 MW due to market conditions and resulting downturns. Additionally, MP's 10-K Annual Report for 2019 (and other years) consistently state that MP has regulated operational risks, as follows:

Our results of operations could be negatively impacted if our Large Power Customers experience an economic downturn, incur work stoppages, fail to compete effectively, experience decreased demand or experience a decline in prices for their product.<sup>1</sup>

Moreover, it is not unforeseeable that MP would be impacted by such a downturn because industrial customers account for 74 percent of sales.<sup>2</sup> As a result, the Department concludes that MP's temporary loss of large industrial customer revenues are neither unusual, unforeseeable, nor extraordinary.

**(2) Financially Significant in Amount** – MP notes in its Petition that two of MP's large industrial customers – United States Steel's Keewatin Taconite mine (Keetac) and the Verso Duluth paper mill (Verso) have indefinitely idled operations. However, on November 5, 2020 – only one day after MP filed its Petition, there were several articles that confirmed Keetac would be restarting its plant in mid-December 2020.<sup>3</sup> Additionally, in MP's Supplemental Response to Citizens Utility Board of Minnesota (CUB) information request nos. 2 to 7 in the Supplemental Attachment, you can see that United States Steel (USS), which includes Keetac, shows nominations of the following for the period January 2020 to April 2021:

**[TRADE SECRET DATA HAS BEEN EXCISED]**

January to April 2020  
May to August 2020  
September 2020  
October 2020  
November 2020  
December 2020  
January to April 2021

Based on the Department's review of Keetac's nominations for January 2020 to April 2021, it is clear that MP is not negatively impacted by Keetac. In fact, USS including Keetac nominations, have **[TRADE SECRET DATA HAS BEEN EXCISED]** for the period January to April 2021 compared to January to April 2020.

The Department agrees that Verso continues to be idled. MP's Table 1 on page 19 of its Petition, shows the financial impact of Verso being idled for a full year of **[TRADE SECRET DATA HAS BEEN EXCISED]**. MP's Table 1 also shows offsetting wholesale sales revenue for Verso of **[TRADE SECRET**

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<sup>1</sup> <https://investor.allete.com/node/20026/html>

<sup>2</sup> Direct Testimony of Frank L. Fredrickson in Docket No. E015/GR-19-442 at page 7.

<sup>3</sup> <https://www.duluthnewstribune.com/business/energy-and-mining/6750055-US-Steel-will-restart-Keetac-next-month>

**DATA HAS BEEN EXCISED]**, resulting in a Net Lost Revenues related to Verso of **[TRADE SECRET DATA HAS BEEN EXCISED]**. However, MP in response to OAG information request no. 5 on Attachment 005.01, shows that for the period April to October 2020<sup>4</sup> residential actual sales were approximately \$3.6 million higher than budgeted. The Department annualized the \$3.6 million number to determine a \$6.2 million higher residential sales revenues on an annual basis. MP indicated in its narrative response that residential sales are about three percent above budgeted sales and expects to see a similar average increase in 2021 for as long as the pandemic continues. The Department recommends that these higher residential sales revenues also be used to reduce MP's claimed Net Lost Revenues.

The Department also notes that MP's third quarter 2020 net income was \$10.0 million higher than MP's third quarter 2019. The following citation from ALLETE's third quarter 2020 Earnings Call Transcript supports this statement:

Minnesota Power anticipates filing a general rate case in November 2021 with a 2022 test year. A few details from our business segments. ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light, and Power, and the company's investment in the American Transmission Company, recorded net income of \$42.4 million in the third quarter of 2020, compared to \$32.4 million in the third quarter of 2019. **Earnings reflect higher net income at Minnesota Power primarily due to higher rates implemented as part of our recent rate case and quarter-over-quarter timing impacts related to income tax expense and fuel adjustment clause recoveries.**<sup>5</sup>

The Department concludes that MP's financial impact of Net Lost Revenues is not significant for the following reasons:

- Keetac restarting operations in mid-December 2020;
- USS including Keetac nominations as shown above have **[TRADE SECRET DATA HAS BEEN EXCISED]** for the period January to April 2021 compared to January to April 2020;
- Residential Sales are about 3 percent higher than budgeted sales, which is roughly \$3.6 million higher for April through October 2020 and \$6.2 million higher on an annualized basis; and
- MP's third quarter 2020 net income was \$10.0 million higher than MP's third quarter 2019 net income.

**(3) Related to Utility Operations** – In its Petition, MP states that the lost revenues due to the idling of Keetac and Verso are losses directly related to customers operations. The Department agrees with MP that these lost revenues due to the idling of Keetac and Verso are directly related to the utility's operations. However, as discussed above, Keetac is already operational and at a level that is **[TRADE SECRET DATA HAS BEEN EXCISED]** for the period January to April 2021 compared to January to April 2020. The Department also noted higher residential sales

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<sup>4</sup> April represents the first full month of the pandemic and MP provided actual revenues through October 2020.

<sup>5</sup> <https://www.fool.com/earnings/call-transcripts/2020/11/09/allete-ale-q3-2020-earnings-call-transcript/>

and overall higher net income by \$10.0 million in the third quarter of 2020 compared to the third quarter of 2019.

**(4) Likely to Provide Ratepayer Benefits and Subject to Review for Reasonableness and Prudence**

– According to MP in its Petition, MP requests that Commission determine it is reasonable and prudent for the Company to record a regulatory asset and recover Net Lost Revenues created by the idling of Keetac and Verso. MP would then make a recovery proposal in MP's next rate case or in a separate proceeding no later than February 1, 2022.

The Department notes that in the Commission's August 7, 2020 *Order Approving Petition and Resolving Rate Case With Conditions in Docket Nos. E015/M-16-564, E015/GR-19-442 and E015/M-20-429 stated on page 6:*

Third, Minnesota Power would **withdraw its current rate case and refrain from filing a new one until March 1, 2021**. Furthermore, the Company would extend its rate case moratorium an additional eight months if none of its EITE customers shuts down or reduces demand by 50 megawatts (MW) for three months or more relative to demand as of April 20, 2020. If such a loss of load prompted Minnesota Power to initiate a rate case before November 2021, the Company would provide the Commission with 90 days' prior notice.

The Department considers MP's request for deferred accounting to be inconsistent with the spirit of the Commission's August 7, 2020 Order, since deferred accounting would allow MP to change amounts (Net Lost Revenues) in base rates for the period September 1, 2020 to March 1, 2021 – basically MP's agreed upon stay out period.

In an ALLETE 3<sup>rd</sup> Quarter 2020 Earnings Call Transcript dated November 9, 2020, MP stated:

MP anticipates filing a general rate case in November 2021 with a 2022 test year.

Therefore MP's statement in its Petition regarding a March 1, 2021 or as soon as practicable rate case seems unlikely.

The Department concludes that overall, the Commission should not approve MP's deferred accounting request for Net Lost Revenues. However, if the Commission decides to grant deferred accounting despite strong concerns raised by the Department and other parties, the deferred accounting for Net Lost Revenues should not be allowed to start until March 1, 2021 – when MP could first file its rate case consistent with the Commission's August 7, 2020 Order, and should be reduced by higher residential sales.

*B. DOES MP'S REQUEST FOR DEFERRED ACCOUNTING FOR NET LOST REVENUES ALIGN WITH PUBLIC POLICY OBJECTIVES?*

MP noted in its Petition, that COVID-19 and the declaration of a peacetime public health emergency is an exceptional and unusual situation that supports the use of trackers for Net Lost Revenues from Keetac and Verso, rather than initiating a general rate case in the midst of the pandemic. MP also noted that the Company has incurred a significant financial loss as a result of COVID-19 related idling of Keetac and Verso.

The Department agrees that declaration of a peacetime emergency is an exceptional and unusual situation. However, downturn in sales for large power customers, is not unusual for MP. As discussed above, MP in response to Office of Attorney General (OAG) information request no. 10, identified 8 years where the Company experienced loss of load greater than 40 MW due to market conditions and resulting downturns. Additionally, MP's 10-K Annual Report for 2019 (and other years) consistently state that MP has regulated operational risks, as follows:

Our results of operations could be negatively impacted if our Large Power Customers experience an economic downturn, incur work stoppages, fail to compete effectively, experience decreased demand or experience a decline in prices for their product.<sup>6</sup>

Additionally, the Department does not agree that MP has incurred a significant financial loss as a result of the idling of Keetac and Verso. As provided above, USS (which includes Keetac) nominations continue to be strong. While Verso nominations continue to be lower, these lower sales are offset by higher residential sales and Keetac nominations being **[TRADE SECRET DATA HAS BEEN EXCISED]** for the period January to April 2021 compared to January to April 2020. Finally, MP's 3<sup>rd</sup> quarter 2020 net income was \$10 million higher than MP's 3<sup>rd</sup> quarter 2019 net income, which supports on an overall basis that MP is not significantly negatively impacted.

The Department notes that the Commission has traditionally limited deferred accounting to 100 year flood situations. Deferred accounting should be used sparingly because it distorts the rate case test year, where representative costs and revenues for the test year (for example a 2022 test year) are supposed to be considered and reviewed. Instead, deferred accounting results in costs and revenues for several different years to be included in the test year, which results in inflated rates for customers that are not representative of a 2022 test year.

MP briefly discussed on page 20 of its Petition, Xcel's Sales True-Up Mechanism, CenterPoint's Decoupling Rider, and Energy Intensive Trade Exposed rate statute, as examples where the Commission has authorized sales true-ups. The Commission's decisions in all of these cases are unique and relied on specific and different facts and are not precedential. In this case MP has not shown that the Net Lost Sales are unusual or significant especially when offset by other revenue increases.

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<sup>6</sup> <https://investor.allete.com/node/20026/html>

Based on the Department's review, MP has not met the criteria to supporting granting deferred accounting. As a result, the Department recommends the Commission deny MP's request for deferred accounting for the Net Lost Revenues.

### III. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

The Department concludes the following about MP's deferred accounting request:

MP's temporary loss of large industrial customer revenues are neither unusual, unforeseeable, nor extraordinary. This is confirmed by MP's response to Office of Attorney General (OAG) information request no. 10, which identified 8 years where the Company experienced loss of load greater than 40 MW due to market conditions and resulting downturns.

MP's financial impact of Net Lost Revenues is not significant for the following reasons:

- Keetac restarting operations in mid-December 2020.
- USS including Keetac nominations as shown above have **[TRADE SECRET DATA HAS BEEN EXCISED]** for the period January to April 2021 compared to January to April 2020.
- Residential Sales are about 3 percent higher than budgeted sales, which is roughly \$3.6 million higher for April through October 2020 and \$6.2 million higher on an annualized basis.
- MP's third quarter 2020 net income was \$10.0 million higher than MP's third quarter 2019 net income.

MP's lost revenues due to the idling of Keetac and Verso are directly related to the utility's operations.

The Department considers MP's request for deferred accounting to be inconsistent with the spirit of the Commission's August 7, 2020 Order, since deferred accounting would allow MP to change amounts (Net Lost Revenues) in base rates for the period September 1, 2020 to March 1, 2021 – basically MP's agreed upon stay out period.

The Department concludes that overall, the Commission should not approve MP's deferred accounting request for Net Lost Revenues. However, if the Commission decides to grant deferred accounting despite strong concerns raised by the Department and other parties, the deferred accounting for Net Lost Revenues should not be allowed to start until March 1, 2021 – when MP could first file its rate case consistent with the Commission's August 7, 2020 Order, and should be reduced by higher residential sales revenue.

The Department disagrees that MP has incurred a significant financial loss as a result of the idling of Keetac and Verso. As provided above, USS (which includes Keetac) nominations continue to be strong. While Verso nominations continue to be lower, these lower sales are offset by higher residential sales and Keetac nominations being **[TRADE SECRET DATA HAS BEEN EXCISED]** for the period January to April 2021 compared to January to April 2020. Finally, MP's 3<sup>rd</sup> quarter 2020 net income was \$10 million higher than MP's 3<sup>rd</sup> quarter 2019 net income, which supports on an overall basis that MP is not significantly negatively impacted.

The Department notes that the Commission has traditionally limited deferred accounting to 100 year flood situations. Overuse of deferred accounting distorts the rate case test year, where costs and revenues for the test year (for example a 2022 test year) are supposed to be considered and reviewed. Instead, deferred accounting results in costs and revenues for several different years to be included in the test year, which result in inflated rates that are not representative of the 2022 test year.

Based on the Department's review, MP has not met the criteria to supporting granting deferred accounting. As a result, the Department recommends the Commission deny MP's request for deferred accounting for the Net Lost Revenues.

/ar



OAG No. 010

**State Of Minnesota  
Office Of The Attorney General  
Utility Information Request**

*In the Matter of Minnesota Power's Petition for Approval to Track and Defer Lost Large Industrial Customer Sales Resulting from the COVID-19 Pandemic*      **MPUC Docket No.**      E-015/M-20-814

**Requested from:** Minnesota Power

**Requested By:** Peter Scholtz      **Date of Request:** November 18, 2020  
**Telephone:** (651) 757-1473      **Due Date:** December 2, 2020

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Identify each instance in the last 30 years when MP experienced a loss of Large Power load of 40 MW or more. Identify the customer(s) involved, the reason for the loss of load, the amount of the loss in MW, the start date and end date, and the amount of lost revenue. Explain whether MP filed any regulatory requests as a result of the loss, and identify any other steps the Company took to address the loss. Please also note any credit-rating impact caused by the loss.

Response:

Attachment 20-814 OAG IR 010.01 contains taconite production information, by property, going back over the past 30+ years, as compiled by the Minnesota Department of Revenue. Attachment 20-814 OAG IR 010.02 depicts the same Minnesota total tons of taconite production for 1981 through 2019 in graphical form. Using a generalized average consumption of approximately 130 kWh per long ton of pellets, and realizing that individual customer consumption rates may vary above or below the average, a 40 MW reduction in Large Power load would correspond to a reduction in tonnage of approximately 5.2 million tons on an annualized basis. Our records indicate that we most likely didn't have periods of time in the past 30 years in which we had paper customers shut down to the point where they had more than 40 MW of load reduction.

When considering the fact that Erie/LTV closed in 2001, reducing the "full production" taconite production level from about 46 million tons through 2000 to about 40 million tons thereafter, this methodology would indicate that taconite industry downturns due to market conditions contributed to Minnesota Power likely experiencing a loss of load greater than 40 MW in the following years: 1992, 1993, 1994, 2001, 2003, 2009, 2015, 2016.

**Response by: Mike Perala**  
**Title: Director of Strategic Accounts**  
**Department: Customer Experience**  
**Telephone: 218-471-4074**

Minnesota Power filed a rate case on January 3, 1994 (Docket E-015/GR-94-001), following the October 1993 idling of National Steel's Keewatin taconite mine and pellet operation.<sup>1</sup> After the close of the rate case record at the end of June 1994 and the signing of an Amendment to the Electric Service Agreement between Minnesota Power and National Steel, on August 15, 1994, Minnesota Power filed a motion to reopen the rate case record, which was granted, in order to reflect additional sales to National Steel in the test year.<sup>2</sup>

Following the permanent closure of LTV Steel Mining Company ("LTV," formerly Erie) in 2001, Minnesota Power purchased portions of LTV's Minnesota assets including coal-fired generation units located at Taconite Harbor. Minnesota Power subsequently filed for MPUC approval of a new Erie Mine Site Service ("EMSS") Schedule that incorporated a special rate for up to 25 MW of electric service to encourage future development in the Hoyt Lakes area.<sup>3</sup> The EMSS Schedule was approved by the Minnesota Public Utilities Commission ("MPUC" or "Commission") on August 20, 2003.<sup>4</sup>

On November 2, 2009, Minnesota Power filed a rate case that reflected the significant economic downturn and significant reduction in Large Power sales that was expected to continue for the 2010 test year.<sup>5</sup> In Rebuttal Testimony the Company filed a revised sales forecast anticipating significant increases in retail sales based mainly on increases in the March 2010 nominations (for May through August 2010) from its Large Power customers.<sup>6</sup>

On November 13, 2015 (Docket E-015/M-15-984) and June 30, 2016 (Docket E-015/M-16-564), Minnesota Power filed two separate petitions for competitive rates for energy-intensive trade-exposed ("EITE") customers. The second petition was approved by the Commission<sup>7</sup> and provided a discount to specified Large Power customers on energy usage above a 62.5 percent load factor, to encourage them to operate closer to full production levels.

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<sup>1</sup> Minnesota Public Utilities Commission's November 22, 1994 Findings of Fact, Conclusions of Law, and Order in Docket E-015/GR-94-001, pages 7-8.

<sup>2</sup> Ibid, page 8.

<sup>3</sup> Minnesota Power's May 9, 2003 Petition for Approval of Erie Mine Site Service Schedule, Docket No. E-015/M-03-717.

<sup>4</sup> MPUC's August 20, 2003 Order adopting the Minnesota Department of Commerce's June 9, 2003 Comments recommending approval with reporting requirement, Docket No. E-015/M-03-717.

<sup>5</sup> Minnesota Power rate case, Docket No. E-015/GR-09-1151, Direct Testimony of David J. McMillan filed November 2, 2009, at page 5, lines 13 through 23, and page 10, line 25 through page 12, line 14.

<sup>6</sup> Minnesota Power rate case, Docket No. E-015/GR-09-1151, Rebuttal Testimony of David J. McMillan filed April 29, 2010, at page 4, line 18 through page 5, line 3 and page 18, line 24 through page 19, line 5.

<sup>7</sup> MPUC's December 21, 2016 Order Approving EITE Rate, Establishing Cost Recovery Proceeding, and Requiring Additional Filings, Docket No. E-015/M-16-564.

**Response by: Mike Perala**  
**Title: Director of Strategic Accounts**  
**Department: Customer Experience**  
**Telephone: 218-471-4074**

On November 2, 2016, Minnesota Power filed a rate case with a 2017 test year, partially because the U.S. Steel Keewatin Taconite mining facility (“Keetac”) was idle and was expected to remain idle for 2017.<sup>8</sup> However, in December 2016 U.S. Steel announced its intention to restart Keetac in 2017, which led Minnesota Power to revise its test year sales forecast.

When credit rating agencies review ALLETE, the Company’s exposure to its industrial customers is always taken into account since they represent over 50 percent of Minnesota Power’s sales, which is unusually high for a typical utility. There are many factors that rating agencies use to determine ratings; however, for regulated utilities in general there are two main factors that go into determining credit ratings – support by regulators and credit metrics. Specifically, in S&P’s April 22, 2020 report, where ALLETE was downgraded to a BBB rating, under the “Rating Action Rationale” section S&P noted that “although the company’s large industrial customers have previously indicated expectations for strong production through August 2020 via the demand nomination process, the lack of a revenue decoupling mechanism combined with the company’s large commercial and industrial presence in its service territory expose the company to revenue uncertainty for at least the remainder of the year”.

In addition, Moody’s April 30, 2020 credit opinion, where ALLETE credit rating remained at BBB1, noted that the Company’s “take-or-pay contract structure with industrial customers mitigates immediate reduction in cash flow from lower industrial customer sales through the nomination cycle was a credit strength”, however they also noted that “the cyclical nature of ALLETE’s industrial customer demand is a credit negative...” and that “in the absence of decoupling mechanisms, lower than anticipated regulated volumes can have a material negative impact on ALLETE’s cash flow from operations”.

As mentioned in OAG IR 011, the decision by the MPUC to disallow the annual rate review mechanism in Minnesota Power’s 2016 rate case was also viewed as credit negative as stated by Moody’s below (see also *OAG IR 011.01 Attach TS*).

“ALLETE looked to mitigate the risk posed by lower industrial customer sales when it filed to adopt an annual rate review mechanism (ARRM) in the 2016 general rate case. The ARRM would have provided an ROE true-up that would have allowed MP to add a surcharge on customer bills if its earned ROE fell below a predetermined level or provide a refund if it was higher. However, the MPUC did not approve the measure, a credit negative.”

In conclusion, while Minnesota Power’s industrial customer load volatility exposes the Company to revenue uncertainty and results in a negative view from a credit rating perspective, the amount of regulatory support (or lack thereof) that the Company receives is also taken into consideration when credit ratings are determined.

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<sup>8</sup> MPUC’s March 12, 2018 Findings of Fact, Conclusions, and Order in Docket No. E-015/GR-16-664, pages 1 and 50.

**Response by: Mike Perala**  
**Title: Director of Strategic Accounts**  
**Department: Customer Experience**  
**Telephone: 218-471-4074**

**Citizens Utility Board of Minnesota  
Information Requests**

**PUBLIC DOCUMENT  
TRADE SECRET DATA EXCISED**

Date of Request: November 13, 2020  
Requested By: Annie Levenson-Falk  
annielf@cubminnesota.org  
Requested From: Minnesota Power  
Request Due: November 23, 2020

**In the Matter of Minnesota Power's Petition for Approval  
to Track and Defer Lost Large Industrial Customer Sales  
Resulting from the COVID-19 Pandemic**

**Docket No. 20-814**

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1. Please provide electronic copies of Minnesota Power's responses to all other information requests and of all responses to future information requests made throughout this proceeding.

**Response:**  
Noted

2. Please provide the monthly sales and revenue forecasts for the 2020 test year filed in Docket No. 19-442 for each of MP's large power customers. Where applicable, provide your answer in live, unlocked Excel spreadsheets with all links and formula intact.

**Response:**  
Please see 20-814 CUB IR 2-7 Attachment

3. Please provide the monthly sales and revenue forecasts for the 2020 test year filed in Docket No. 19-442 for each of MP's customer classes. Where applicable, provide your answer in live, unlocked Excel spreadsheets with all links and formula intact.

**Response:**  
Please see 20-814 CUB IR 2-7 Attachment

4. Please provide actual monthly sales and revenues from 2019 until the most recent data available for each of MP's large power customers. Where applicable, provide your answer in live, unlocked Excel spreadsheets with all links and formula intact.

**Response:**  
Please see 20-814 CUB IR 2-7 Attachment

**Response by: David Moeller**  
**Title: Senior Attorney & Director of Regulatory Compliance**  
**Department: Regulatory Compliance**  
**Telephone: 218-723-3963**

**SUPPLEMENTAL RESPONSE – December 10, 2020**

**Citizens Utility Board of Minnesota  
Information Requests dated November 13, 2020**

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5. Please provide the actual sales and revenues from 2019 until the most recent data available for each of MP's customer classes. Where applicable, provide your answer in live, unlocked Excel spreadsheets.

**Response:**

Please see 20-814 CUB IR 2-7 Attachment

6. Please provide each large power customer's monthly nomination for all months in 2020 without actual data and 2021. Provide customer's monthly nomination when available and forecasts otherwise. Include a description of the Company's forecast methodology. Where applicable, provide your answer in live, unlocked Excel spreadsheets with all links and formula intact.

**Response:**

Please see 20-814 CUB IR 2-7 Attachment for 2020 actual nominations. At the time of this IR, MP had not received a revised nomination reflecting Keetac production for December. Additionally, MP will provide January – April 2021 Large Power nominations from US Steel (Minntac and Keetac), Hibbing Taconite, ArcelorMittal-Minorca Mine, UPM Blandin and Verso when those nominations are received on or before December 2020.

**Supplemental Response:**

Please see 20-814 CUB IR 2-7 Attachment for January – April 2021 Large Power nominations from US Steel (Minntac and Keetac), Hibbing Taconite, ArcelorMittal-Minorca Mine, UPM Blandin and Verso.

7. In the response to #5, please indicate whether the monthly nomination and/or forecasts for Keetac account for restarting the facility's operations in mid-December 2020, as announced by U.S. Steel on November 3.<sup>1</sup> If not, please provide a forecast that accounts for Keetac resuming operations at the announced level. Where applicable, provide your answer in live, unlocked Excel spreadsheets with all links and formula intact.

**Response:**

Please see 20-814 CUB IR 2-7 Attachment. Keetac is resuming production in December and therefore the restart has not yet been included in the data in the response to #5. As discussed in response #6, MP will provide an update on January – April 2021 nominations when those nominations are received.

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<sup>1</sup> See <https://www.duluthnewtribune.com/business/energy-and-mining/6750055-US-Steel-will-restart-Keetac-next-month#:~:text=Due%20to%20its%20small%20size%2C%20Keetac%20is%20usually,the%20iron%20ore%20pellets%20used%20in%20its%20production.>

**Response by: David Moeller**  
**Title: Senior Attorney & Director of Regulatory Compliance**  
**Department: Regulatory Compliance**  
**Telephone: 218-723-3963**

**SUPPLEMENTAL RESPONSE – December 10, 2020**

OAG No. 005

**State Of Minnesota  
Office Of The Attorney General  
Utility Information Request**

*In the Matter of Minnesota Power's Petition for Approval to Track and Defer Lost Large Industrial Customer Sales Resulting from the COVID-19 Pandemic*      **MPUC Docket No.**      E-015/M-20-814

**Requested from:** Minnesota Power

**Requested By:** Peter Scholtz      **Date of Request:** November 18, 2020  
**Telephone:** (651) 757-1473      **Due Date:** December 2, 2020

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Reference: Petition at 15. MP states that sales to residential customers have increased “slightly” as a result of the COVID-19 pandemic.

Provide the actual/projected residential sales and revenue increases for 2020 and 2021. State the increases in both percent and dollar format and include all data and assumptions that support your answers.

**RESPONSE:**

Weather-normalized actual monthly energy sales (MWh) to residential customer’s year-to-date through October 2020 have been on average about 3 percent above budgeted levels with weather-normalized revenue above budgeted levels by about 0.4 percent on average. Minnesota Power would expect to see similar average increases in monthly residential energy sales and revenue for the remainder of 2020, and for as long as the pandemic continues into 2021. Additionally, Minnesota Power is expecting a similar level of residential energy sales for 2021 as was projected for 2020.

For data used in these calculations please see 20-814 OAG IR 005.01 Attach.

**Response by** Joshua Rostollan  
**Title** Supervisor - Accounting  
**Department** Financial Reporting and Budgeting  
**Telephone** 218-355-3151

**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  
Public Comments**

**Docket No. E015/M-20-814**

Dated this 4<sup>th</sup> day of **January 2021**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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