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June 8, 2018

VIA E-FILING

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101

**Re: In The Matter of Minnesota Power's Rider for Boswell Unit 4 Emission Reduction
(BEC4 Rider) and 2018 Factor
Docket No. E-015/M-18-264**

Dear Mr. Wolf:

Attached for filing in connection with the above-mentioned docket, please find a Comment filed on behalf of Large Power Intervenors. Also attached is a Certificate of Service.

Very truly yours,

Stoel Rives LLP

/s/ Sarah Johnson-Phillips

Sarah Johnson-Phillips

SJP:cmc
Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I, Candy Close, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States Mail at Minneapolis, Minnesota.

COMMENT ON BEHALF OF LARGE POWER INTERVENORS

In The Matter of Minnesota Power's Rider for Boswell Unit 4 Emission Reduction (BEC4 Rider) and 2018 Factor
Docket No. E-015/M-18-264

Dated this 8th day of June, 2018

/s/ Candyce M. Close

Candy Close

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Service List Member Information

Electronic Service Member(s)

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Wolf	Daniel P	dan.wolf@state.mn.us	Public Utilities Commission	Electronic Service	Yes

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

121 Seventh Plaza East, Suite 350
St. Paul, MN 55101-2147

In The Matter of Minnesota Power’s Rider for
Boswell Unit 4 Emission Reduction (BEC4
Rider) and 2018 Factor

PUC Docket No. E-015/M-18-264

COMMENT

The Large Power Intervenors¹ (“LPI”) submit this answer to the Petition submitted by Minnesota Power (the “Company”) seeking approval of the Company’s 2018 Boswell Unit 4 Emission Reduction Factor by the Minnesota Public Utilities Commission (the “Commission”).

I. INTRODUCTION

The Company filed a petition on April 9, 2018 related to the Company’s investments, expenditures, and costs related to its Boswell Energy Center Unit 4 (“Boswell 4”) mercury reduction project (the “Petition”). The Petition requests that the Commission (i) approve the Company’s rate adjustment under its Boswell Unit 4 Emission Reduction Rider (“BEC4 Rider”); (ii) waive the 90-day requirement under Minn. Rule 7825.3200; and (iii) grant provisional approval to zero out the rider sub-factors starting on June 1, 2018. LPI understands that the Commission intends to consider issues (ii) and (iii) at its agenda meeting on June 14, 2018, but that, pursuant to the Commission’s Notice of Extended Comment Period dated May 1, 2018, comments on the merits of the Company’s proposal are being accepted through June 8, 2018 and that reply comments will be accepted through June 18, 2018 for consideration by the Commission at a later date.

LPI greatly appreciates the Company’s diligent effort to control costs and proactively provide its customers with a proposed rate decrease due to the implementation of the updated BEC4 Rider and zeroing out the rider sub-factor. The group also applauds the Company’s

¹ LPI is an *ad hoc* consortium of large industrial end users of electric energy consisting of ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Enbridge Energy, Limited Partnership; Gerdau Ameristeel US Inc.; Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; Sappi Cloquet, LLC; USG Interiors, LLC; United States Steel Corporation (Keetac and Minntac Mines); United Taconite, LLC; and Verso Corporation.

completion of the Boswell Energy Center Unit 4 mercury reduction project with the final expenses totaling \$110 million less than budgeted.²

While aware of the positive actions by the Company, LPI submits this comment to draw attention to concerns the group has with the Company's Petition related to the 2017 Tax Cuts and Jobs Act ("TCJA" or "2017 Tax Reform"). As the parties are aware, the Commission recently granted the Department of Commerce Division of Energy Resources' (the "Department") petition for reconsideration in the Company's rate case (Docket No. GR-16-664).³ Generally, the Commission granted the Department's request to shift excess revenue from the Tax Reform docket (Docket No. 17-895) to Minnesota Power's rate case docket (Docket No. 16-664). The excess revenue is the result of the TCJA reduction of the federal corporate tax rate from 35% to 21%. The Commission ordered Minnesota Power to use the excess revenue (approximately \$18.7 million) as a rate-mitigation tool in the rate case in lieu of the rate mitigation mechanism initially approved by the Commission in the rate case (i.e., extended accounting lives for Boswell Units 3 and 4).⁴ Notwithstanding the potential effect of shifting tax savings revenue to the rate case, LPI is concerned that the Company's BEC4 Rider Petition did not adequately account for 2017 Tax Reform. Thus, LPI respectfully submits this comment to articulate the group's concerns.

II. ANALYSIS

In the Company's recent rate case, the Commission noted the importance of utilities presenting accurate factual information.⁵ While this Petition is not within the context of a rate case, LPI contends this basic principle is of the utmost importance in any proceeding relating to a rate adjustment. LPI does not question the Company's intentions or basic calculations presented in the Petition, but the group is concerned that the Company did not consider all relevant information. The Company explained in its Petition that "[t]he 2018 revenue requirements do not

² Initial Filing--Rider For Boswell Unit 4 Emission Reduction and 2018 Factor at 12 (Apr. 9, 2018) (eDocket No. 20184-141790-02) (the "Petition").

³ ORDER GRANTING RECONSIDERATION IN PART, REVISING MARCH 12 2018 ORDER, AND OTHERWISE DENYING RECONSIDERATION PETITIONS (May 29, 2018) (eDocket No. 20185-143382-02) (the "Reconsideration Order").

⁴ *Id.* at 2-3.

⁵ *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, MPUC Docket No. E-015/GR-16-664, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 5 (Mar. 12, 2018) ("Utilities seeking rate changes must therefore prove not only that the facts they present are accurate, but that the costs they seek to recover are rate-recoverable.") (emphasis added).

reflect any changes due to the 2017 Federal Tax Act...” and that the impacts of 2017 Tax Reform would be incorporated at a later date. As the Commission is aware, 2017 Tax Reform is being considered in Docket No. 17-895, but the Commission recently took significant action on TCJA effects for the Company and its customers in the Company’s rate case. To uphold the Commission’s desire for accuracy and for the sake of clarity, LPI believes that the Company should provide specific information on the effects of the TCJA on its BEC4 Rider calculations. LPI acknowledges that the Reconsideration Order directing revenue related to tax savings into the rate case may have effectively addressed LPI’s concerns about TCJA effects on the BEC4 Rider. If that is the case, LPI would appreciate the Company’s confirmation in reply comments.

III. CONCLUSION

In summary, LPI respectfully requests that the Company update the information in the Petition with the specific tax ramifications modeled and/or confirm that incorporating 2017 Tax Reform would have no effect on the BEC4 Rider calculations based on the Reconsideration Order. LPI appreciates the Company and the Commission’s time and attention to these concerns and believes these simple steps will ensure the Company’s proposal is accurate and clear.

Dated: June 8, 2018

Respectfully submitted,

STOEL RIVES LLP

/s/ Sarah Johnson Phillips

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