



AN ALLETE COMPANY

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October 18, 2022

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 Minnesota Power's Petition for Approval of the Annual
Forecast of Automatic Adjustment Charges for the period of
January 2023 through December 2023
Docket No. E015/AA-22-216
Response Letter**

Dear Mr. Seuffert:

Minnesota Power (or the "Company") respectfully disagrees with the recommendation from the Minnesota Department of Commerce ("Department") in their October 6, 2022 Comments to reduce the 2023 Fuel and Purchased Energy ("FPE") Forecast by \$5.32 million in order to annualize the Planning Resource Auction ("PRA") revenue.

Minnesota Power's 2023 FPE Forecast submitted on August 31, 2022, was updated to include the known capacity position for January through May 2023 based on the 2022/2023 PRA results. However, there is additional uncertainty with the 2023/2024 PRA planning year due to the new seasonal construct and Seasonal Adjusted Capacity ("SAC") methodology for capacity resources approved by FERC on August 31, 2022, as well as uncertainty around whether the auction price will continue to clear as high as it did in the 2022/2023 auction. The Department's conclusion, without any record support, that future MISO capacity auction prices will continue to clear at similar high values does result in penalizing Minnesota Power. In addition the Department assumes the Company's capacity obligation is similar to the 2022/2023 auction; however, this assumption does not take into account any change in Minnesota Power's capacity obligations.

Minnesota Power would be open to adjusting the 2023 FPE Forecast in May 2023, when the 2023/2024 PRA for the June through December 2023 time period are known, so long as the results are a net revenue position and the overall outlook for 2023 does not result in an under collection position.

Please contact me at (218) 355-3455 or hcreurer@allete.com if you have any questions.

Kind Regards,

Hillary A. Creurer
Regulatory Compliance Administrator

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*Together we choose to work safely for our families, each other, and the public.
We commit to be injury-free through continuous learning and improvement.*

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 18th day of October, 2022, she served Minnesota Power's Response Letter in **Docket No. E015/AA-22-216** 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.



Tiana Heger