

June 13, 2016

PUBLIC DOCUMENT

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

RE: **PUBLIC Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-16-420

Dear Mr. Wolf:

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

Northern States Power Company d/b/a Xcel Energy's Requesting Approval of a Revision to the Company's Competitive Response Rider Tariff and a Revised Competitive Response Rider Agreement with Gerdau Ameristeel US, Inc.

The petition was filed on May 12, 2016 by:

Amy Liberkowski
Manager, Regulatory Analysis
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55402

The DOC recommends **approval of Northern States Power Company's petition, with conditions**, and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**PUBLIC COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES**

DOCKET No. E002/M-16-420

I. BACKGROUND

Gerdau is an international manufacturing company that recycles scrap steel into new products. Gerdau operates 17 steel mills in the United States and southern Canada. One of the products Gerdau manufactures is a special bar quality (“SBQ”) product, which is a type of steel that is used to make critical machinery parts such as crankshafts. In Docket No. E002/M-12-163, the Commission approved a Competitive Rate Rider Agreement between Northern States Power, d/b/a Xcel Energy (Xcel or NSP) and Gerdau Ameristeel US (Gerdau) for Gerdau’s facility located in St. Paul (Plant). In that filing, NSP maintained and the Department verified that Gerdau’s St. Paul facility was subject to competition and that a rate discount for that facility was consistent with Minnesota Statute and appropriate public policy.¹

In the time since the Commission approved that 2013 Service Agreement (2013 SA), deteriorating economic conditions in the steel market have resulted in Gerdau facing even more intense competition in the markets for its products. Facing this increasing competitive pressure, Gerdau requested that NSP renegotiate certain terms contained in the 2013 SA between the two parties. NSP complied with Gerdau’s request for renegotiation. The instant petition is the result of those negotiations.

II. SUMMARY OF NSP’S PETITION

On May 12, 2016, NSP filed a petition with the Minnesota Public Utilities Commission (Commission) for approval of a revision to the Competitive Response Rider Tariff and a Revised Service Agreement with Gerdau (2016 SA or Agreement). The Agreement becomes effective on the date of the Commission’s approval of this filing and terminates on December 31, 2018.² The term of the proposed Agreement extends the term of the 2013

¹ The Commission also approved a revised Competitive Market Rider Tariff in that proceeding as well.

² This change represents a one-year extension of the Agreement that is currently in effect.

SA by one year. The proposed Agreement also changes the pricing structure included in 2013 SA. The proposed Agreement provides for a [TRADE SECRET DATA HAS BEEN EXCISED] discount per MWh for all forecasted usage for the duration of the Agreement. The current agreement provides for a [TRADE SECRET DATA HAS BEEN EXCISED] discount per MWh for the first [TRADE SECRET DATA HAS BEEN EXCISED] MWh of usage per year and a [TRADE SECRET DATA HAS BEEN EXCISED] discount per MWh for the next [TRADE SECRET DATA HAS BEEN EXCISED] MWh of usage per year. The Company also included language in the proposed Agreement that would cap the amount of the Agreement at [TRADE SECRET DATA HAS BEEN EXCISED]. Regarding the Competitive Response Rider Tariff (CRRT), NSP proposes to amend the tariff to change the contract term limit in the CRR from five years to seven years.

III. DEPARTMENT'S ANALYSIS

The Company presented the proposed Service Agreement as a revision to the current Service Agreement with Gerdau. This is an important distinction in that at the time Gerdau negotiated the original discount, it was considering making a large investment in either its Plant or at another location. Gerdau elected to make that investment in its St. Paul facility. That investment increased the likelihood that the Plant would continue to operate. It also increased the likelihood that the 300 jobs provided by Gerdau at the Plant would still be available. The Department also appreciates NSP's efforts to provide a cap for the amount of the discount that Gerdau can receive under the proposed Agreement.

The Department's only concern regarding the filing from an analytical perspective is that the Company did not update its analysis that supported the rate discount provided to Gerdau. While there have not been major changes in the power markets since 2012, the Department was not comfortable basing its recommendation on the Company statement that "the original analysis which led the Commission to approved the agreement has not materially changed".³

The Department requested this information from Xcel and has updated its 2012 analysis with current data.

The 2016 SA between NSP and Gerdau must satisfy the Competitive Rate Statute (Minn. Stat. §216B.162).

Minn. Stat. §216B.162, subd. 2, contains the following terms:

- (1) Electric service to the customer must be subject to effective competition (i.e., the customer can obtain its energy requirements from an energy supplier not rate-regulated by the Commission under Minnesota Statutes section 216B.16).
- (2) The customer must have a connected load of at least 2,000 kW.

³ Petition at page 2.

Minn. Stat. §216B.162, subd. 4, contains the following terms:

- (1) The minimum rate for the competitive rate schedule must recover at least the incremental cost of providing the service, including the cost of additional capacity that is to be added while the rate is in effect and any applicable on-peak or off-peak deferential.
- (2) The maximum possible rate reduction under a competitive rate schedule must not exceed the difference between the electric utility's applicable standard tariff and the cost to the customer of the lowest-cost competitive energy supplier.
- (3) The electric utility, within a general rate case, must be allowed to seek recovery of the difference between the standard tariff and the competitive rate times the usage level during the test-year period.
- (4) A rate within a competitive rate schedule must meet the conditions of Minnesota Statutes section 216B.03 for other customers in the same customer class.
- (5) The rate must not compete with district heating or cooling provided by a district heating utility as defined by Minnesota Statutes section 216B.166, subdivision 2, paragraph (c).
- (6) The rate must not be offered to a customer in which the utility has a financial interest greater than 50 percent.

Minn. Stat. §216B.162, subd. 7 requires the Commission to determine:

That after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

Finally, Minn. Stat. §216B.162, subd. 8 states:

Subd. 8. Energy efficiency improvement; expense recovery.
If the commission approves a competitive rate or the parties agree to a modified rate, the commission may require the electric utility to provide the customer with an energy audit and assist in implementing cost-effective energy efficiency improvements to assure that the customer's use of electricity is efficient. An investment in cost-effective energy conservation improvement program and included in the department's determination of significant investments under section 216B.241. The utility shall recover energy conservation improvement expenses in a rate proceeding under section

216B.16 or 216B.17 in the same manner as the commission authorizes for the recovery of conservation expenditures made under section 216B.241.

Below is the DOC's discussion of the requirements of Minn. Stat. §216B.162 listed above.

The Department has verified that the Agreement is in compliance with Terms 3 through 6 of Minnesota Statutes section 216B.162, subdivision 4.

A. *IS THE SERVICE TO GERDAU SUBJECT TO EFFECTIVE COMPETITION?*

Subd. 1 of Minn. Stat. §216B.162 defines effective competition as follows:

(b) "Effective competition" means a market situation in which an electric utility serves a customer that:

(1) is located within the electric utility's assigned service area determined under section 216B.39; and

(2) has the ability to obtain its energy requirements from an energy supplier that is not regulated by the commission under section 216B.16.

Gerdau is located within NSP's service area. Therefore, condition (1) of the definition of effective competition is satisfied regarding NSP's provision of service to Gerdau.

Gerdau has the ability to receive service from an energy supplier that is not regulated by the Commission. In particular, Gerdau could choose to shut down its Plant in St. Paul and extend its operations at its existing facilities in [TRADE SECRET DATA HAS BEEN EXCISED].

Thus, Gerdau has the ability to obtain its energy requirements from the wholesale electricity market in [TRADE SECRET DATA HAS BEEN EXCISED] in the same way that [TRADE SECRET DATA HAS BEEN EXCISED] is currently receiving its electric service. [TRADE SECRET DATA HAS BEEN EXCISED] deregulated market where end-use customers can elect to purchase electricity from the wholesale market.) The [TRADE SECRET DATA HAS BEEN EXCISED] option represents effective competition under the definition in Minnesota Statutes noted above. Gerdau forecasts that in 2016 the electric rate for [TRADE SECRET DATA HAS BEEN EXCISED] will be [TRADE SECRET DATA HAS BEEN EXCISED] percent lower than the non-discounted electric rate for Gerdau in St. Paul. For the years 2017 and 2018, Gerdau projects the electricity prices for the Competitive Alternative to be lower than the non-discounted electricity prices in St. Paul by [TRADE SECRET DATA HAS BEEN EXCISED] percent for both years. For the contract period of 2016 – 2018 the estimated average cost of electricity for Gerdau is about [TRADE SECRET DATA HAS BEEN EXCISED] percent lower for the Competitive Alternative than in St. Paul. Since electricity is a very significant cost component in Gerdau's production process, the significantly lower price of electricity for the Competitive Alternative in combination with maintaining the standard electric rates for

Gerdau in St. Paul would make the alternative of investing in [TRADE SECRET DATA HAS BEEN EXCISED] a very viable alternative.

Based on the above analysis, the Department concludes that NSP's electric service to Gerdau-St. Paul is subject to effective competition.

B. DOES GERDAU-ST. PAUL HAVE A CONNECTED LOAD OF AT LEAST 2,000 KW?

Gerdau-St. Paul's connected load is [TRADE SECRET DATA HAS BEEN EXCISED], which clearly satisfies the 2,000 kW requirement.

C. WOULD THE COMPETITIVE RATE RECOVER NSP'S INCREMENTAL COST OF PROVIDING THE SERVICE?

1. The Incremental Cost of Providing the Service

The incremental cost of providing service to Gerdau must include the incremental costs of peak- and off-peak energy, the incremental distribution costs and the incremental capacity costs. Below is the Department's discussion of each component of the incremental costs.

a. Incremental Costs of Distribution

Since the proposed competitive rate service for Gerdau-St. Paul does not include any additional distribution facilities, the incremental costs of distribution are zero.

b. Incremental Costs of Capacity

NSP provides electric service to Gerdau under two accounts: Mill account and Furnace account. Both accounts are served under NSP's interruptible tariff. The Mill account was served under NSP's Peak Controlled Tiered Time-of-Day Service (Rate Code A 24) and the Furnace account was served under NSP's Peak Controlled Time-of-Day With Tier 1 Energy Controlled Service Rider (Rate Code A 27) prior to the execution of the 2013 SA.

Based on the Terms and Conditions of service under those tariffs, NSP could interrupt the electric service to Gerdau's Mill facilities no more than 150 hours annually. Also, based on the Terms and Conditions of Service, NSP could interrupt the electric service to Gerdau's Furnace facilities no more than 300 hours annually. Since both the Mill Account and the Furnace Account were served under NSP's interruptible service, the Department concluded that the incremental capacity cost of serving Gerdau under the proposed competitive rate was zero. This would also be the case if Gerdau were to return to tariffed rates. Since Gerdau was served under NSP's interruptible service, the probability of loss of load for NSP due to the need to serve Gerdau was zero. Therefore, as stated above, Gerdau imposed no incremental capacity cost on NSP's Electric system in 2012. For the purpose of this updated analysis, the Department assumes the same.

c. Incremental Energy Costs

Gerdau took service under NSP's summer on-peak and off-peak rates and winter on-peak and off-peak rates. For each year of the proposed contract (2016-2018), the total incremental energy cost is calculated based on NSP's projected marginal energy costs and NSP's projected annual usage of energy by Gerdau. The Company first estimates the marginal costs for each hour of the off- and on-peak periods. Then it calculates the average marginal costs for the off-peak winter and summer seasons and the average marginal costs for the on-peak winter and summer seasons. Attachment 1 summarizes the annual incremental energy cost for each year of the proposed contract.

d. The Total Incremental Cost of Providing the Competition Service to Gerdau

Since the incremental costs of distribution and capacity are zero, the total incremental costs of the proposed competitive service to Gerdau are equal to the incremental cost of energy. These incremental costs are summarized in Attachment 1 of these comments.

e. The Revenues under the Competitive Rates

Minn. Stat. §216B.162, subd. 4, part 1 requires that the revenues under the competitive rates recover, at least, the incremental costs of providing the competitive service. Therefore, it is necessary to estimate NSP's annual revenues under the competitive rates. Attachment No. 2 shows the annual revenues under the competitive rates for each year over the period 2016-2018, assuming:

- No change in peak billing demand;
- No change in the relative on- and off-peak usage; and
- An average increase in annual usage to **[TRADE SECRET DATA HAS BEEN EXCISED]** MWh annually when compared to Gerdau's annual usage in 2012.

f. Revenue Surplus over the Incremental Costs under the Proposed Competitive Rates

Part 1 of Subd. 4 of Minn. Stat. §216B.162 requires that the revenues under the competitive rate must exceed the incremental cost of providing the competitive service. The excess revenues over the incremental costs are shown in Attachment No. 3. As shown in Attachment No. 3, Gerdau's revenues would exceed its incremental costs of providing the service in each year of the proposed contract. Therefore, the Department concludes that the proposed competitive rate satisfies Minn. Stat. §216B.162, subd. 4, part 1.

D. IS NSP'S COMPETITIVE RATE LOWER THAN THE COMPETITIVE ALTERNATIVE?

Minn. Stat. §216B.162, subd. 4, part 2 requires that the competitive rate be no lower than the competitive alternative's rate. This condition requires that NSP's revenues under the competitive rate be at least as high as the cost to Gerdau under the Competitive Alternative. The Competitive Alternative for Gerdau is to expand its plants in **[TRADE SECRET DATA HAS BEEN EXCISED]** instead of maintaining its Plant in St. Paul. Absent the competitive rate, Gerdau would likely **[TRADE SECRET DATA HAS BEEN EXCISED]** Therefore, the Department compares NSP's revenues under the proposed competitive rate with Gerdau's cost of the Competitive Alternative.

The Competitive Alternative operates in **[TRADE SECRET DATA HAS BEEN EXCISED]**. Therefore, the electric rates for the Competitive Alternative are determined by the prices in the wholesale electricity market. In turn, these prices are determined by the price of natural gas times the heat rate of a combustion turbine unit (CT). Based on this analysis the Company estimated the annual electric rates of the Competitive Alternative by using the future natural gas prices as listed on the New York Mercantile Exchange (MERC) combined with a typical CT unit heat rate. As shown in Attachment 3 for each year of the contract, NSP's revenues under the competitive rate exceeds Gerdau's cost of the Competitive Alternative. Therefore, the Department concludes that the proposed competitive rate satisfies Minn. Stat. §216B.162, subd. 4, part 2.

E. ENVIRONMENTAL AND SOCIOECONOMIC IMPACTS

Minn. Stat. §216B.162, subd. 7, requires that the Commission determine:

...that after consideration of environmental and socio-economic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

The Department's interpretation of this requirement is that the competitive rate is in the best interest of all other customers if the following condition is satisfied: the sum of the internal incremental costs and the net external incremental costs of providing electric service under the competitive rate is less than the utility's revenues under the competitive rate. The Department used the same environmental analysis in its analysis of the 2016 SA as it did in its analysis of the 2013 SA.

- The Department excluded the environmental costs of the Competitive Alternative since these environmental costs do not impact Xcel's customers.
- The Department requested the Company to include the market price of SO₂ in its environmental cost calculations it provided to the Department for its analysis.

- Finally, the Department simplified the Company's calculations by assuming that the environmental costs per kWh for Gerdau-St. Paul are similar to the environmental costs calculated for the NSP's electric system.

The Department's calculations of environmental costs are summarized in Attachment No. 4. The weighted environmental costs are \$0.0046 per kWh. The Department calculated Gerdau's excess revenues over its internal and environmental costs. These calculations are shown in Attachment No. 3, which shows that Gerdau's revenues under its new competitive rate would exceed Gerdau's internal and environmental costs combined. Moreover, the proposed competitive rate would result in positive socioeconomic impacts. It would **[TRADE SECRET DATA HAS BEEN EXCISED]** which would clearly be in the public interest. Based on the above analysis, the Department concludes that, after consideration of environmental and socioeconomic impacts, the proposed competitive rate is in the best interest of all other customers.

F. ENERGY EFFICIENCY IMPROVEMENT

Subd. 8 of Minn. Stat. §216B.162 states that if the Commission approve the petition then:

...the Commission may require the electric utility to provide the customer with an energy audit and assist in implementing cost-effective energy efficiency improvements to assure that the customer's use of electricity is efficient.

Section 6 of the 2016 SA between NSP and Gerdau states:

6. CONSERVATION PLAN

Customer and Company agree that they have developed and implemented a comprehensive energy conservation program which ensures that all of Customer's Steel Recycling Facilities are constructed and operated to achieve a maximum economically appropriate efficiency level.

Company acknowledges the fact that Customer has applied for and received from the Commission a permanent exemption from the Conservation Improvement Program as a result of Customer's existing energy conservation program. While such exemption is in effect, Customer consequently qualifies for an exemption from the obligations under this Section 6.

In its 2012 Comments, the Department recommended that the Commission require Xcel to report annually Gerdau's energy use per ton of products produced at the St. Paul plant during the term of the contract. Section 6 of the Agreement affirms that Gerdau has taken the necessary steps to meet the requirement of Subd. 8 of Minn. Stat. §216B.162. The Department observes that this reporting requirement may no longer be necessary; however,

since the Commission has expressed considerable interest in energy conservation, the Department certainly would not object if the Commission would like to continue receiving this information.

IV. COMPETITIVE MARKET RIDER TARIFF

The Company proposes the following change to its Competitive Response Rider tariff:

1. Under the heading Terms and Conditions of Service under number 3 strike the number five and add the number seven to the phrase “no longer than seven years”.

This change simply extends the term of the service under the Rider. Extending the term of service allows the NSP to retain the customer on the system for a longer period of time. That development would appear to be beneficial to ratepayers, all other things equal.

V. PROCEDURAL ISSUES

The Department had the opportunity to meet with Gerdau to discuss current situation at the St. Paul facility recently. The Department was impressed by the severity of Gerdau’s situation. In light of the downturn in prices in the steel market the Department believes it is paramount that NSP extend rate relief to Gerdau as quickly as possible and to the fullest extent possible.

As a result, the Department is also recommending that the Commission find that Gerdau is experiencing “exigent circumstances” financially. Thus, Gerdau is especially sensitive to rate increases. Accordingly, the Department also recommends that the Commission require NSP to exempt Gerdau from the proposed interim rate increase identified in NSP’s current rate case (Docket No. E002/GR-15-826).

The Department notes that such a finding would be consistent with prior Commission determinations, such as the Commission’s findings of exigent circumstances justifying a departure from existing rate design under similar circumstances.

- See ORDER SETTING INTERIM RATES, *In the Matter of Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G011/GR-15-736 (November 30, 2015);
- ORDER SETTING INTERIM RATES, *In the Matter of Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G011/GR-13-617 (November 27, 2013);
- ORDER SETTING INTERIM RATES, *In the Matter of Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G011/GR-10-977 (January 28, 2011);
- ORDER SETTING INTERIM RATES, *In the Matter of a Petition by Peoples Natural Gas Company and Northern Minnesota Utilities, Divisions of UtiliCorp United Inc. for*

- Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G-007,011/GR-00-951 (September 29, 2000);
- ORDER SETTING INTERIM RATES, *In the Matter of Application of CenterPoint Energy for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G008/GR-08-1075 (December 22, 2008);
 - ORDER SETTING INTERIM RATES, *In the Matter of Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G011/GR-15-736 (January 7, 2010); and
 - ORDER SETTING INTERIM RATES, *In the Matter of Application of Allete, Inc. d/b/a Minnesota Power for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. E015/GR-09-1151 (December 30, 2009)

In light of the circumstances under which Xcel and Gerdau propose to amend the 2013 SA, a finding of exigent circumstances for Gerdau certainly seems warranted.

VI. CONCLUSION AND RECOMMENDATIONS

A. CONCLUSIONS

Based on its analysis, the Department concludes the following:

1. NSP's Proposed Competitive Rate Agreement with Gerdau meets all the requirements of Minn. Stat. §216B.162, subs. 2, 4 and 7.
2. The change in the term from five to seven years proposed by NSP to its Competitive Response Rider Tariff is in the interest of NSP's customers.

B. RECOMMENDATIONS

Based on its review and analysis of NSP's petition and based on its conclusions, the Department recommends that the Commission:

1. Approve the Competitive Rate Agreement Rider between NSP and Gerdau.
2. Approve the revised Competitive Response Rider Tariff with the modification noted above.
3. Find that Gerdau's St. Paul facility is experiencing exigent financial circumstances and exempt Gerdau from any interim rate increases proposed in NSP's current rate case (Docket No. E002/GR-15-828).

/lt

Gerdau Incremental Cost Analysis

Year	Gerdau kWh Usage					Incremental Energy Cost \$/kWh				Total Incremental Energy Costs
	Summer		Winter		Total	Summer		Winter		
	1	2	3	4	5 = 1 to 4	6	7	8	9	
	On-Peak	Off-Peak	On-Peak	Off-Peak		On-Peak	Off-Peak	On-Peak	Off-Peak	
2015	[TRADE SECRET DATA HAS BEEN EXCISED]									
2016	[TRADE SECRET DATA HAS BEEN EXCISED]									
2017	[TRADE SECRET DATA HAS BEEN EXCISED]									
2018	[TRADE SECRET DATA HAS BEEN EXCISED]									
Total	[TRADE SECRET DATA HAS BEEN EXCISED]									

Sources:

All Columns - Emails from NSP Staff

Gerdau Revenue Under NSP's Proposed Competitive Rate (\$/yr)

	1	2	3	4	5	6
Year	Forecasted Rate (\$/kWh)	Forecasted Annual Sales (kWh/yr)	Annual Revenue Before Discount	Discount per kWh	Annual Discount (\$/yr)	Annual Revenues Net of Discount
	[1]	[2]	[1] x [2] = [3]	[4]	[5] = [2] x [4]	[6] = [3] - [5]
2015	[TRADE SECRET DATA HAS BEEN EXCISED]					
2016						
2017						
2018						
Total						

Sources:

Columns 1 and 2 Emails from NSP Staff
 Column 4 Attachment A of the filing

**Comparison of Revenues and Incremental Costs Under Proposed NSP Competitive Rate
and the Competitive Alternative for Gerdau**

	1	2	3	4	5	6	7
Year	Annual Revenue for NSP Proposed Competitive Rate (\$/yr)	NSP Total Incremental Costs (\$/yr)	NSP Excess Revenues Over Incremental Cost (\$/yr)	Average Rate for Non-NSP Competitive Alternative (\$/kWh)	Forecasted Annual Sales (kWh/yr)	Gerdau Costs Under the Competitive Alternative (\$/yr)	Gerdau Excess Revenues Over the Cost of the Competitive Alternative (\$/yr)
	[1]	[2]	[1] - [2] = [3]	[4]	[5]	[4] x [5] = [6]	[1] - [6] = [7]
2015	[TRADE SECRET DATA HAS BEEN EXCISED]						
2016	[TRADE SECRET DATA HAS BEEN EXCISED]						
2017	[TRADE SECRET DATA HAS BEEN EXCISED]						
2018	[TRADE SECRET DATA HAS BEEN EXCISED]						
Total	[TRADE SECRET DATA HAS BEEN EXCISED]						

Sources:

- Column 1 DOC Exhibit 2, Column 6
- Column 2 DOC Exhibit 1, Column 10
- Columns 4 and 5 Emails from NSP Staff

Gerda Environmental Cost Analysis

	1	2	3	4	5
Year	Annual Usage kWh/yr	Environmental Costs (\$/kWh)	Annual Environmental Costs (\$/yr)	Gerda Excess Revenues Over the Cost of the Competitive Alternative (\$/yr)	Gerda Excess Revenues Over the Competitive Alternative and Net of Environmental Costs (\$/yr)
	[1]	[2]	[1] x [2] = [3]	[4]	[4] x [3] = [5]
2015	[TRADE SECRET DATA HAS BEEN EXCISED]				
2016					
2017					
2018					
Total					

Sources:

- Column 1 Emails from NSP Staff
- Column 2 2014 Commission approved environmental costs escalated @ 2.0% for NSP's system.
- Column 3 DOC Exhibit 3, Column 7

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. E002/M-16-420

Dated this 13th day of June 2016

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_16-420_16-420
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_16-420_16-420
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service 1400	No	OFF_SL_16-420_16-420
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_16-420_16-420
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_16-420_16-420
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	OFF_SL_16-420_16-420
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South Burnsville, MN 55337	Electronic Service	No	OFF_SL_16-420_16-420
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_16-420_16-420
Mara	Koeller	mara.n.koeller@xcelenergy.com	Xcel Energy	414 Nicollet Mall 5th Floor Minneapolis, MN 55401	Electronic Service	Yes	OFF_SL_16-420_16-420
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_16-420_16-420
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_16-420_16-420
Darren	MacDonald	Darren.MacDonald@Gerda.com	Gerdau	4221 W Boy Scout Blvd, #600 Tampa, Florida 33607	Electronic Service	No	OFF_SL_16-420_16-420
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_16-420_16-420
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
David W.	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	Suite 300 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_16-420_16-420
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	OFF_SL_16-420_16-420
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_16-420_16-420
Byron E.	Starns	byron.starns@stinson.com	Stinson Leonard Street LLP	150 South 5th Street Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-420_16-420
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_16-420_16-420
SaGonna	Thompson	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_16-420_16-420
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_16-420_16-420
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_16-420_16-420