



AN ALLETE COMPANY

30 west superior street / duluth, minnesota 55802-2093 / 218-723-3961 /www.allete.com

Christopher D. Anderson
Associate General Counsel
218-723-3961
Fax 218-723-3955
E-mail canderson@allete.com

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VIA ELECTRONIC FILING

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

**RE: Minnesota Power's Petition for Approval of a Purchase Agreement Between Minnesota Power and Lakehead Constructors, Inc.
Docket No: E015/M-17-457**

**Minnesota Power's Petition for Approval of a Purchase Agreement Between Minnesota Power and the United Way of Northeastern Minnesota, Inc.
Docket No: E015/M-17-459**

**Minnesota Power's Petition for Approval of a Purchase Agreement Between Minnesota Power and Airmark, Inc. (d/b/a Nelson Wood Shims)
Docket No: E015/M-17-460**

**Minnesota Power's Petition for Approval of a Purchase Agreement Between Minnesota Power and the State of Minnesota – Department of Military Affairs
Docket No: E015/M-17-461**

Dear Mr. Wolf:

Minnesota Power is in receipt of the Department's Comments dated September 18, 2017, in the above-referenced Docket.

Minnesota Power has no further comment in response to the Department Comments, other than the fact that the Company finds it quite ironic that the Department suggests deferred accounting for these service center sales when (i) Department opposed Minnesota Power's deferral of 2016 storm costs in Docket E015/M-16-648 (in part because of the claim that the amount of MP's request (~\$2.9 Million) was not significant enough, in the Department's opinion) and (ii) the Department also opposed creation of a storm cost recovery fund in

Minnesota Power's current rate case (because of the timing of the request "so late" in the case). We believe deferred accounting should be symmetrical in nature, rather than simply running in favor of the Department's advocacy based upon conveniently created criteria.

As the Commission stated in its January 10, 2017 Order in Docket No. E015/M-16-648:

Deferred accounting is a valuable regulatory tool used primarily to hold utilities harmless when they incur out-of-test-year expenses that, because of their nature or size, should be eligible for possible rate recovery as a matter of public policy. Traditionally, deferred accounting has been reserved for costs that are unforeseeable, unusual, and large enough to have a significant impact on the utility's financial condition. Deferred accounting has also sometimes been permitted when utilities have incurred sizeable expense to meet important public policy mandates. Deferred accounting, however, is not used to remedy ordinary fluctuation in costs between rate cases.

Yours truly,

A handwritten signature in black ink, appearing to read "C. Anderson", written in a cursive style.

Christopher D. Anderson