



AN ALLETE COMPANY

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September 21, 2018

**VIA E-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 an Amendment to Electric  
Service Agreement Between Verso Minnesota Wisconsin LLC and Minnesota Power  
**Docket No. E015/M-18-\_\_\_\_\_**

Dear Mr. Wolf:

Enclosed for filing with the Minnesota Public Utilities Commission please find Minnesota Power's Petition for Approval of an Amendment to Electric Service Agreement Between Verso Minnesota Wisconsin LLC and Minnesota Power.

If you have any questions regarding this letter, please do not hesitate to contact me at the number above.

Yours truly,

A handwritten signature in black ink that reads "David R. Moeller".

David R. Moeller

DRM:sr  
Attach.

## STATEMENT REGARDING JUSTIFICATION FOR EXCISING TRADE SECRET INFORMATION

Pursuant to the Commission's revised Procedures for Handling Trade Secret and Privileged Data in furtherance of the intent of Minn. Stat. 13.37 and Minn. Rule Part 7829.0500, Minnesota Power has designated portions of the attached Petition and exhibits thereto as Trade Secret.

The Petition describes the Amendment to the Electric Service Agreement between Minnesota Power and Verso Minnesota Wisconsin LLC (hereinafter "Verso"). This Amendment contains terms and conditions that are materially sensitive to Minnesota Power (due to the specific price and rate identification for electric service to this Large Power customer) and contains Minnesota Power's unique methods, techniques and process for supplying electric service to Verso. The information regarding specific energy pricing methods and process Minnesota Power utilizes to provide its services, combined with the identification of levels of energy usage, is valuable commercial information to both Minnesota Power and Verso, and because of the intensely competitive marketplace Verso operates in, this information is also confidential and Trade Secret to Verso. Minnesota Power and Verso follow strict internal procedures to maintain the secrecy of this information in order to capitalize on the economic value of the information. Potential competitors of both parties would gain a commercial advantage if this information was publicly available, with severe competitive implications resulting.

Minnesota Power believes that this statement justifies why the information excised from the attached report should remain a trade secret under Minn. Stat. §13.37. Minnesota Power respectfully requests the opportunity to provide additional justification in the event of a challenge to the trade secret designation provided herein.

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

\*\*\*\*\*

Docket No. E 015/M-18-\_\_\_\_\_

In the Matter of a Petition for Approval of  
an Amendment to Electric Service  
Agreement Between Verso Minnesota  
Wisconsin LLC and Minnesota Power

**PETITION OF  
MINNESOTA POWER**

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**SUMMARY OF FILING**

Minnesota Power has filed a Petition for Approval of an Amendment to Electric Service Agreement (“Amendment”) between Minnesota Power and Verso Minnesota Wisconsin LLC (“Verso”) which amends Verso’s current Amended and Restated Electric Service Agreement (“Agreement”) for an extended term through at least 2024 and other modifications for the Duluth Paper Mill and Duluth Recycled Pulp Mill (“Duluth Mills”) facilities located in Duluth, Minnesota. The Petition describes the Amendment and summarizes the benefits to both parties.

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

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Docket No. E 015/M-18-\_\_\_\_\_

In the Matter of a Petition for Approval of  
an Amendment to Electric Service  
Agreement Between Verso Minnesota  
Wisconsin LLC and Minnesota Power

**PETITION OF  
MINNESOTA POWER**

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**I. INTRODUCTION**

Minnesota Power has filed a Petition for Approval of an Amendment to Electric Service Agreement (“Amendment”) between Minnesota Power and Verso Minnesota Wisconsin LLC (“Verso”) which amends Verso’s current Amended and Restated Electric Service Agreement (“Agreement”) for an extended term through at least 2024 and other modifications for Verso’s Duluth Paper Mill and Duluth Recycled Pulp Mill (“Duluth Mills”) facilities located in Duluth, Minnesota. The Duluth Mills, which began operations in 1987, has 225 full time employees and makes paper used for catalogs, magazines, advertising inserts and other commercial products.

The Amendment provides Verso with additional operating flexibility and cost reduction potential, while protecting Minnesota Power’s other customers through an extended full requirements contract with a corporate guarantee and weekly billing. This Amendment also supports the business strategy of an important regional industrial employer. The Petition describes the Amendment, attached as Exhibit A, and summarizes the benefits to both parties. As explained in detail in Section III below, the Amendment reflects the commitment from Verso to purchase electric service requirements from Minnesota Power through at least 2024.

Minnesota Power and Consolidated Papers, Inc. had previously entered into a restated electric service agreement dated August 1, 1997 which the Minnesota Public

Utilities Commission (“Commission”) subsequently approved.<sup>1</sup> In September of 2000, Stora Enso purchased the Duluth Mills as part of its purchase of Consolidated Papers, Inc. In 2001, Minnesota Power and Stora Enso obtained Commission approval of an Amendment to the 1997 electric service agreement dated September 29, 2000 that converted a portion of Stora Enso’s interruptible service to firm service.<sup>2</sup> In 2003, Minnesota Power and Stora Enso obtained Commission approval of an additional Amendment to the 1997 electric service agreement dated January 24, 2003 that reduced Stora Enso’s Service Requirement and extended the term of the 1997 electric service agreement.

In 2005, rather than further amend the 1997 restated electric service agreement governing their relationship, Minnesota Power and Stora Enso agreed to again amend and restate the agreement between them. The Commission approved this Agreement in Docket No. E015/M-05-1989 in an order dated March 7, 2006. In 2007, NewPage acquired Stora Enso’s paper assets, including the Duluth Mills, and the Agreement was assigned to NewPage. On September 7, 2011, NewPage filed for Chapter 11 bankruptcy and then on August 13, 2012 proceeded to file a Plan of Reorganization. On September 25, 2012, NewPage filed a petition with the federal bankruptcy court to assume contracts and Minnesota Power concurrently filed a petition with Commission to amend the Agreement and extend the term through at least December 31, 2022 (“2012 Amendment”). The Commission approved the 2012 Amendment in Docket No. E015/M-12-1025 in an order dated December 10, 2012.

In 2015, Verso acquired NewPage including the Duluth Mills and the Agreement. At the time, Verso was the second-largest producer of coated paper in North America. On January 26, 2016, Verso Corporation filed for Chapter 11 bankruptcy. On July 15, 2016, Verso emerged from bankruptcy following a successful financial restructuring and

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<sup>1</sup> *In the Matter of a Request for Approval by Minnesota Power of Amended and Restated Service Agreement with Consolidated Paper, Inc.*, Order dated Nov. 20, 1997, Docket No. E-015/M-97-1305.

<sup>2</sup> *Order Approving Amended Electric Service Agreements as Modified, Directing Tariff Changes, and 33 Granting Variance*, Order dated February 8, 2001, Docket No. E-015/M-00-1389.

confirmation of its Chapter 11 reorganization plan, which included continuing the existing Agreement with Minnesota Power for the Duluth Mills.

If the new Amendment is approved by the Commission, it will supersede specific provisions in the Agreement and the 2012 Amendment effective upon Commission approval.

## II. PROCEDURAL ISSUES

In compliance with Minn. Stat. § 216B.05 of the Minnesota Public Utilities Act and the Commission’s rules promulgated thereunder, Minnesota Power files this Petition for Approval of the Amendment in Minnesota Power’s tariff book in Volume II, Section VII thereunder “Contracts not on Standard Form.” This means that upon Commission approval, the Amendment will become part of Minnesota Power’s tariff book. Minn. Stat. § 216B.05, subd. 2a requires that:

A contract for electric service entered into between a public utility and one of its customers, in which the public utility and the customer agree to customer-specific rates, terms, or service conditions not already contained in the approved schedules, tariffs, or rules of the utility, must be filed for approval by the commission pursuant to the commission’s rules of practice. Contracts between public utilities and customers that are necessitated by specific statutes in this chapter must be filed for approval under those statutes and any rules adopted by the commission pursuant to those statutes.

For this Petition, the customer-specific terms and service conditions under the Amendment are spelled out in Section III.<sup>3</sup> Under the Commission’s Rules of Practice and Procedure, filings that do not require a determination of a utility’s revenue requirement constitute “miscellaneous tariff filings” under Minn. Rules 7829.1300, and the Commission has treated all of Minnesota Power’s electric service agreements under the filing requirement, notice and comment provisions of this Rule. Additional information required by Minn. Rule 7829.1300 is provided below.

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<sup>3</sup> This Petition is also intended to comply with the Commission’s February 26, 2009 Order in Docket No. E015/M-08-1344).

**A. General Filing Information**

**1. Summary of Filing (Minn. Rules 7829.1300, subp. 1)**

A one-paragraph summary accompanied the Petition.

**2. Service on Other Parties (Minn. Rules 7829.1300, subp. 2)**

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rules 7829.1300, subp. 2, Minnesota Power eFiles the Petition on the Department of Commerce – Division of Energy Resources and serves a copy on the Minnesota Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 is being served on all parties on its Large Power Service list.

**3. Name, Address and Telephone Number of Utility (Minn. Rules 7829.1300, subp. 3(A))**

Minnesota Power  
30 West Superior Street  
Duluth, MN 55802  
(218) 722-2641

**4. Name, Address and Telephone Number of Utility Attorney (Minn. Rules 7829.1300, subp. 3(B))**

David R. Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802  
(218) 723-3963  
dmoeller@allete.com

**5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rules 7829.1300, subp. 3(C))**

The Petition is being filed on September 21, 2018. Minnesota Power requests that the Amendment be effective on the first day of the calendar month following Commission approval. To the extent allowed by the Commission, Minnesota Power requests an effective

date consistent with Minn. Stat. § 216B.16, subd. 1 that allows new rates to be implemented within 60 days after notice, recognizing Minn. Rules 7825.3200 requires notice at least 90 days prior to a change in rates for miscellaneous filings.

**6. Statute Controlling Schedule for Processing the Filing (Minn. Rules 7829.1300, subp. 3(D))**

This Petition is made in accordance with Minn. Stat. § 216B.05 and no statutorily imposed time frame for a Commission decision applies to this filing.

**7. Utility Employee Responsible for Filing (Minn. Rules 7829.1300, subp. 3(E))**

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Senior Attorney  
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**8. Impact on Rates and Services (Minn. Rules 7829.1300, subp. 3(F))**

The Petition in and of itself will have no effect on Minnesota Power's base rates.

**9. Service List (Minn. Rules 7829.0700)**

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**B. Trade Secret Designation (Minn. Rule 7829.0500)**

Pursuant to Minn. Stat. §§ 13.01 et seq. and Minn. Rule 7829.0500, Minnesota Power has designated portions of the Petition and the attached Exhibit A as containing



Trade Secret Information and these have been redacted as appropriate to reflect the Trade Secret nature of the documents. Trade Secret and Public copies of the Petition and Exhibit A are being eFiled in accordance with the Commission’s Rules and Minn. Stat. § 216.17, subd. 3. A statement regarding justification for excising Trade Secret information accompanies this Petition.

### **III. THE AMENDMENT**

Individual provisions of the Amendment are reviewed and explained below. This discussion addresses the Commission’s directive in Docket No. E015/M-08-1344 that Minnesota Power analyze how the terms of the Agreement integrate with Minnesota Power’s Large Power (“LP”) Service Schedule. First, and critically important to Minnesota Power and its other ratepayers, is Verso’s agreement to purchase its electric service requirements for its Duluth Mills from Minnesota Power through at least December 31, 2024. Second, the Amendment modifies Verso’s Large Power Incremental Production Service Threshold to allow more effective management of electric use at its Duluth Mills. This is helpful for both energy usage and production efficiency in a very challenging economic environment for paper facilities. Third, the Amendment provides additional risk protections for Minnesota Power through a financial corporate guarantee and customer billing modifications.

1. Paragraph 2. Term of Agreement

The Amendment provides that the term shall be extended through December 31, 2024, without any prior right of termination. The LP Service Schedule sets forth that “Unless otherwise specifically approved by the Commission, each ESA shall have an initial minimum term of ten (10) years...” This Amendment is an extension of the Agreement with Verso and not an initial term and as such it reflects a continuation of the Duluth Mills’ long history as an industrial customer on Minnesota Power’s system, consistent with this provision.

If the Amendment is approved, the Agreement continues after December 31, 2024 on a rolling four-year basis until a cancellation notice is issued by either party. The four-year cancellation period complies with the standard LP Service Schedule that states electric service agreements “shall continue in force and effect until either party gives the other party written notice of cancellation at least four years prior to the time such cancellation shall be effective.”

This extension is significant considering the current Verso Agreement will soon be in the “rolling” four-year notice of cancellation phase from the date of written notice, with the current earliest possible termination date December 31, 2024. With this new commitment from a combined large industrial customer, Minnesota Power gains tremendous additional certainty regarding its ability to manage generating capacity and plan for future needs of all its ratepayers.

2. Paragraph 3 - Large Power Incremental Production Service

Second, the Amendment modifies Verso’s Large Power Incremental Production Service Threshold (“IPS Threshold”) to allow more effective management of electric use at its Duluth Mills. The IPS Threshold set in the current Agreement does not reflect Verso’s current operations and recent energy efficiency improvements. The LP Service Schedule does not address IPS Threshold or energy efficiency improvements. With this Amendment Minnesota Power and Verso are working to support the long term competitive position of the Duluth Mills.

3. Paragraph 5 – Corporate Guarantee

Given the corporate restructuring and multiple bankruptcy filings for companies that own and operate the Duluth Mills, Verso has agreed to a corporate parent guaranty in a form attached to the Amendment. This new provision replaces language from 2012 Amendment related to the NewPage bankruptcy petition and assumption of the Agreement. In the event payment is not received under the Agreement, Minnesota Power shall have the

right to invoke the Verso parent guaranty. The LP Service Schedule does not address corporate guarantees or other mechanisms to ensure payment except through enforcement of disconnection of electric service.

3. Paragraph 6 – Weekly Expedited Billing.

In the 2012 Amendment, NewPage, as part of the Chapter 11 process, agreed to make voluntary weekly prepayments to Minnesota Power in response to the Company's concerns about incurring additional electric service debts, but provided financial performance criteria to terminate the weekly prepayment process. The Amendment removes the financial performance criteria so that Verso will be on weekly expedited billing for the term of the Agreement. As currently approved the existing Rider for Expedited Billing Procedures ("Rider") is applicable to 'taconite producing customers taking Large Power Service' and there is not an applicable tariff that applies to Verso. The expedited billing and payment program beneficially reduces the Company's payment risk.

#### **IV. PUBLIC INTEREST**

Minnesota Power's contractual arrangements with its LP customers have always created significant fixed cost recovery assurances upon which Minnesota Power and its ratepayers could depend. This Agreement continues and extends these fixed cost recovery assurances to a specific customer segment (graphic paper) that is competing in a very challenging market where prices are set at globally determined and very low levels while also providing Verso with competitive electric service and operational flexibility under the LP Schedule.

Minnesota Power's contractual arrangements with its LP customers have always created significant fixed cost recovery assurances upon which Minnesota Power and its ratepayers could depend. The Amendment provided an opportunity to extend the fixed cost recovery for an additional two years, modify selected elements of the Agreement to support the business strategy of a significant large industrial paper customer and provide additional protection in the event of any future corporate or Duluth Mills restructuring.

Under the Amendment Minnesota Power will continue to realize a minimum of **[TRADE SECRET DATA EXCISED]** in demand revenues alone between January 2019 and December 2024. With the Amendment Minnesota Power expects Verso to purchase more electric power and energy than the demand purchases that are minimally guaranteed under the existing Agreement. Minnesota Power has developed a more typical operating scenario for the Commission to consider, in order to reflect the extent of the benefits that Minnesota Power expects to receive during the extended term of this Agreement. Verso has and continues to make investments to upgrade its production facilities and reduce operation costs and during the last several years the Duluth Mills operated at **[TRADE SECRET DATA EXCISED]**. At these levels, and with the new IPS provisions contained in the Amendment, Verso will have nominal demand of about **[TRADE SECRET DATA EXCISED]**. If production continues at these levels, Minnesota Power will receive more than **[TRADE SECRET DATA EXCISED]** in demand revenues alone during the extended term of the Agreement.

As the preceding analysis demonstrates, Verso's minimum service requirement commitments are very significant. When these commitments are coupled with Verso's obligation to purchase its electric service needs from Minnesota Power through at least December 31, 2024, as provided in the Amendment, all of Minnesota Power's other ratepayers will find themselves in a better situation than they would otherwise be without this Agreement. No one knows what events await Minnesota Power's other LP customers who play such a critical role in Minnesota Power's financial well-being. As occurred just a few years ago, if Minnesota Power were to face the shutdown of any LP customer, the scenario for all ratepayers would look much bleaker without this Amendment and the corresponding revenue assurances it provides.

In addition to benefits to Minnesota Power and its other customers, the Agreement will benefit Verso since it will improve its production costs by reducing the cost of electric service and by allowing more flexibility to match Verso's operational requirements while encouraging incremental production via access to IPS energy. The positive impacts that this Amendment will bring to all interested parties are significant and far reaching. Minnesota Power and its ratepayers stand to benefit from the long-term commitments that

Verso has provided regarding its electric service needs. Verso stands to gain from continuing to receive electric service at competitive rates as well as obtaining additional operational flexibility.

In addition to the parties directly affected, this Agreement is supportive of the regional economy in that it is beneficial to a major regional industrial operation and employer, especially in Duluth. Verso employs 225 full time workers with an annual payroll that exceeds \$25 million. According to Verso, the positive economic impact on northeast Minnesota is estimated at more than \$100 million annually. For the City of Duluth, Verso is the largest customer of water and waste treatment services, the largest contributor to the city's franchise fee and pays over \$700,000 in local property taxes. Employee safety is Verso's highest priority and on September 12, 2018 the Duluth Mills achieved one year without a recordable injury at its facility.

Furthermore, while this Agreement is not conditioned upon or tied to Commission review of Minnesota Power's docket submitted under Minn. Stat. § 216B.1696 (Energy-Intensive Trade-Exposed statute) and any associated tariff filings, Minnesota Power and Verso both recognize that more flexible electric service agreements along with more competitive rates will significantly assist in sustaining Verso's significant paper operations in Duluth, Minnesota. While Verso's operations are within the definition of an EITE customer as defined under Minn. Stat § 216B.1696, subd. 1(c)(1), the Agreement is not otherwise dependent upon or contingent on any EITE related decisions by the Commission. It is the intent of Minnesota Power to continue to evaluate and to utilize customized Electric Service Agreements to best match its electric service to its customers' unique needs where practicable.

The benefits mentioned in the preceding paragraphs will be realized without any changes to rates provided in Minnesota Power's approved tariffs. The terms of this Amendment are appropriate given Minnesota Power's and Verso's needs and unique circumstances. In accordance with the requirements of Minn. Stat. §§ 216B.03, .06, and .07, Minnesota Power has always applied the Large Power Service Schedule and the service agreements it enters into thereunder in a fair and equitable manner between and

among its LP customers. Minnesota Power intends to continue this practice by making similar terms and conditions available to other LP customers who are similarly situated.

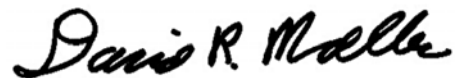
Finally, the Agreement is in the public interest because Commission approval ensures Minnesota Power receives additional protection in the event of financial restructuring by Verso, while at the same time ensuring that Verso can continue its Duluth Mills operations under an Agreement that allows it rate and operational flexibility to meet its production goals in an extremely competitive global market. For all the reasons set forth above, the Amendment meets the public interest requirements of the Minnesota Public Utilities Act.

## V. CONCLUSION

The positive impacts that this Amendment will bring to all interested parties are significant and far reaching. Minnesota Power and its ratepayers stand to benefit from the long-term commitments that Verso has provided regarding its electric service needs. Verso stands to gain from continuing to receive electric service at reasonable rates through maintaining operational flexibility. In addition to the parties directly affected, this Amendment is supportive of the regional economy in that it is beneficial to a major regional industrial operation and employer, especially in northeastern Minnesota. For all of the reasons set forth in this Petition, Minnesota Power respectfully requests that the Commission issue an Order approving this Petition and the Amendment.

Dated: September 21, 2018

Respectfully submitted,



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**2018 AMENDMENT TO ELECTRIC SERVICE AGREEMENT  
BETWEEN VERSO MINNESOTA WISCONSIN LLC AND  
MINNESOTA POWER**

THIS 2018 AMENDMENT to the AGREEMENT, is entered into this 23rd day of August, 2018 between VERSO MINNESOTA WISCONSIN LLC, (formerly NewPage Wisconsin System, Inc.) hereinafter called “Customer,” and MINNESOTA POWER, hereinafter called “Company,” such parties also being hereinafter referred to individually as “Party” or collectively as “Parties.”

WHEREAS; Minnesota Power (MP) and VERSO MINNESOTA WISCONSIN LLC (Verso) are parties to an Amended and Restated Electric Service Agreement (“AGREEMENT”) dated November 15, 2005; and

WHEREAS, on July 17, 2012, Verso and MP amended the Agreement, extending the Agreement through at least December 31, 2022, and amending certain other terms and conditions (“2012 Amendment”); and

WHEREAS, Verso is planning operational changes to its Duluth Paper Mill and Duluth Recycled Pulp Mill located in Duluth, Minnesota; and

WHEREAS, MP and Verso agree that further amendments to the Agreement are in the best interest of both Parties;

NOW, THEREFORE, in consideration of these premises, the Parties hereto agree to amend the Agreement as follows:

1. Paragraph 2 as most recently restated in the 2012 Amendment is deleted in its entirety and replaced with the following:

**2. TERM OF AGREEMENT**

This Agreement shall be effective upon MPUC approval (“Effective Date”), with the initial term of this Agreement extending through December 31, 2024, without any right of prior termination. Service shall continue thereafter until and unless this Agreement is terminated in accordance with its terms. Either party may terminate this Agreement by written notice to the other delivered at least four years prior to termination, provided, however, that no termination shall be effective prior to 11:59 p.m. on December 31, 2024, or a later date of termination specified at least four years in advance.

2. Paragraph 3(J) as most recently restated in the 2012 Amendment is deleted in its entirety and replaced with the following:

**J. Large Power Incremental Production Service.** Customer shall have the right to purchase Incremental Production Service (“IPS”) from the Company whenever the

Customer's Measured Demand exceeds the Incremental Production Service Threshold ("IPST") under the terms of the Rider for Large Power Incremental Production Service (the "IPS Rider"). Energy attributable to any Measured Demand in excess of the IPST shall be billed as provided in the Rider for Large Power Incremental Production Service. The IPST shall be set at **[TRADE SECRET DATA EXCISED]**. The IPST shall remain at the levels stated unless the Service Requirement is adjusted upward by a nomination in excess of the applicable IPST under paragraph 3(C) or pursuant to the IPS Rider. If the Service Requirement is adjusted upward above the applicable IPST, the IPST shall be increased by an amount equivalent to the corresponding increase in the Service Requirement for the applicable month(s) in the Nomination Period.

Excess reactive demand will be calculated as indicated in the Large Power Service Schedule: provided, however, Company will not bill the Customer for any excess reactive demand adjustments associated with metered demands above the IPST as long as such adjustments do not exceed **[TRADE SECRET DATA EXCISED]** If such adjustments exceed **[TRADE SECRET DATA EXCISED]** Company may, at its sole discretion, bill the Customer and Customer shall pay, for any excess reactive demand above **[TRADE SECRET DATA EXCISED]** at the Excess Power Billing Demand charge.

**[TRADE SECRET DATA EXCISED]**

**[TRADE SECRET DATA EXCISED]**

3. Paragraph 5 as initially stated in the 2012 Amendment is deleted in its entirety and replaced with the following:

**5. Corporate Guarantee.**

To secure Customer's obligation to take or pay for the minimum amount of electric service under this Agreement, within thirty (30) days of this Amendment being approved by the MPUC, Customer shall provide and maintain throughout the Term, a parent guarantee substantially in the form of Attachment A to this Amendment from Verso Corporation (or another entity in the case of an assignment of this Agreement) ("Parent Guaranty"); provided, however, that nothing in this Agreement shall require Customer to provide any additional security other than the Parent Guaranty.

4. Paragraph 6 as initially stated in the 2012 Amendment, is deleted in its entirety and replaced with the following:

**6. Weekly Expedited Billing.**

Beginning on the Effective Date, service provided under this Agreement shall be billed under terms consistent with those defined in the Company's Rider for Expedited Billing Procedures as approved by the Commission, except as modified below.



**EXHIBIT A**

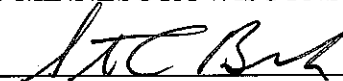
Weekly billing shall be based on estimated electric service usage, including the minimum demand charge, and not on an actual meter reading (“Weekly Estimated Billing”). Customer’s Weekly Estimated Billing for each calendar year of the Term shall be determined by dividing the amount of the lowest total monthly bill issued by Company to Customer in the last twelve (12) months by five (5) and rounding up to the nearest increment of \$10,000. Weekly billing payments received and charges for actual electric service usage will be reconciled each month. Customer’s Weekly Estimated Billing will be adjusted by agreement of the Parties to account for operational changes to avoid significant under or over payment.

Customer will receive credit for weekly billing payment reflecting the time value of funds made available to Company earlier than such funds otherwise would have been available under the Company’s standard monthly billing cycle. The credit will be applied to the weekly bill following the due date of the standard month billing cycle.

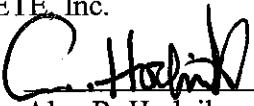
- 5. Except as changed and amended herein, the Agreement (including the 2012 Amendment) shall remain in full force and effect in accordance with all of its term and conditions and neither Party shall be deemed to have waived any of its rights under the Agreement.
- 6. This Amendment shall be effective beginning the first of the month following receipt of a written Order from the Minnesota Public Utilities Commission approving this 2018 Amendment.

IN WITNESS WHEREOF, the Parties have executed it by their duly authorized officers as of the date first written above.

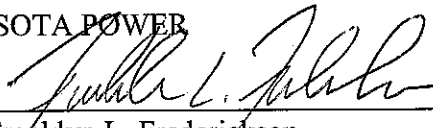
VERSO MINNESOTA WISCONSIN LLC

By:   
Steven C. Brooks  
Title: Director, Corporate Energy  
Date: 8/23/2018

ALLETE, Inc.

By:   
Alan R. Hodnik  
Title: Chairman, President and Chief Executive Officer  
Date: 8/29/2018

MINNESOTA POWER

By:   
Franklyn L. Frederickson  
Title: Vice President – Marketing  
Date: 8/27/2018

# ATTACHMENT A

## FORM OF GUARANTY

This Guaranty is executed and delivered as of this \_\_\_ day of \_\_\_\_\_, 2018 by Verso Corporation, a Delaware Corporation (“Guarantor”), in favor of (“Company”), in connection with the performance by Verso Minnesota Wisconsin LLC, a Delaware limited liability company (“Customer”) of an Electric Service Agreement dated November 15, 2005 (as subsequently amended), between Customer and Company (the “Agreement”).

### - RECITALS -

A. Customer and Company have entered into the Agreement for the purchase and sale of electrical energy.

B. Customer is an indirect wholly-owned subsidiary of Guarantor. Guarantor expects to derive benefits from the performance of the Agreement by Customer and Company. To provide additional assurances to Company related to Customer’s purchase of electrical energy contemplated by the Agreement, Guarantor has agreed to guarantee the obligations of Customer as provided in this Guaranty.

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

### - AGREEMENT -

1. Guaranty. Subject to the provisions of this Guaranty, Guarantor hereby absolutely, irrevocably, unconditionally, and fully guarantees to Company the due, prompt, performance, and discharge of Customer’s payment obligations under the Agreement, whether incurred before or after the date of delivery of this Guaranty (the “Obligations”). This is a guaranty of payment, not of collection, and as such, Company shall not be required to institute, pursue, or exhaust any remedies against Customer before instituting suit, obtaining judgment, and executing thereon against Guarantor under this Guaranty.

2. Rights of Company. Guarantor hereby grants to Company, in Company’s discretion and without the need to notify or obtain any consent from Guarantor, and without termination, impairment, or any other effect upon Guarantor’s duties hereunder, the power and authority from time to time:

a. to renew, compromise, extend, accelerate, or otherwise change, substitute, supersede, or terminate the terms of performance of any of the Obligations, in each case in accordance with the Agreement;

b. to grant any indulgences, forbearances, and waivers, on one or more occasions, for any length of time, with respect to Customer’s performance of any of the Obligations; and

## ATTACHMENT A

c. to accept collateral, further guaranties, and/or other security for the Obligations, and, if so accepted, then to impair, exhaust, exchange, enforce, waive, or release any such security.

3. Performance. If any of the Obligations are not performed according to the terms of the Agreement, and any applicable notice and cure period provided by the Agreement has expired (“Default”), Guarantor shall immediately upon receipt of written demand by Company perform or cause Customer to perform the Obligation in Default. Except for those defenses, setoffs, and counterclaims expressly waived hereby, Guarantor reserves the right to assert any and all defenses, setoffs, and counterclaims that Customer may have with respect to performance of the Obligations.

4. Satisfaction. Satisfaction by Guarantor of any duty hereunder incident to a particular Default or the occurrence of any other Default shall not discharge Guarantor except with respect to the Default satisfied, it being the intent of Guarantor that this Guaranty be continuing until such time as all of the Obligations have irrevocably been discharged in full, at which time this Guaranty shall automatically terminate.

5. Notice of Acceptance. Guarantor waives and acknowledges notice of acceptance of this Guaranty by Company.

6. Waivers by Guarantor. Guarantor hereby waives and agrees not to assert or take advantage of:

(a) subject to Section 4 above, all presentments, demands for performance, notices of non-performance, protests, and notices of every kind that may be required by Applicable Laws;

(b) any right to require Company to proceed against Customer or any other person, or to require Company first to exhaust any remedies against Customer or any other person, before proceeding against Guarantor hereunder;

(c) any defense arising from the bankruptcy or insolvency of Customer;

(d) any duty of Company to protect or not impair any security for the Obligations;

(e) the benefit of any laws limiting the liability of a surety

(f) any duty of Company to disclose to Guarantor any facts concerning Customer, the Agreement, or any other circumstances, that would or allegedly would increase the risk to Guarantor under this Guaranty, whether now known or hereafter learned by Company, it being understood that Guarantor is capable of and assumes the responsibility for being and remaining informed as to all such facts and circumstances; and

(g) until all Obligations in Default have been fully paid and/or performed, any rights of subrogation, contribution, reimbursement, indemnification, or other rights of payment or recovery for any payment or performance by it hereunder. For the avoidance of doubt, if any

## ATTACHMENT A

amount is paid to Guarantor in violation of this provision, such amount shall be held by Guarantor for the benefit of, and promptly paid to, Company.

7. Cumulative Remedies. The rights and remedies of Company hereunder shall be cumulative and not alternative to any other rights, powers, and remedies that Company may have at law, in equity, or under the Agreement. The obligations of Guarantor hereunder are independent of those of Customer and shall survive unaffected by the bankruptcy of Customer. Company need not join Customer in any action against Guarantor to preserve its rights set forth herein.

8. Representations and Warranties. Guarantor represents and warrants to Company as follows:

(a) Guarantor is a corporation, duly organized, validly existing, and in good standing under the laws of the state of its incorporation. Customer is a direct or indirect wholly-owned subsidiary of Guarantor. Guarantor has all necessary corporate power and authority to execute and deliver this Guaranty and to perform its obligations hereunder.

(b) The execution, delivery and performance of this Guaranty has been duly and validly authorized by all corporate proceedings of Guarantor and is not in violation of any law, judgment of court or government agency. This Guaranty has been duly and validly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

9. Collection Costs. Guarantor hereby agrees to pay to Company, in addition to the maximum liability set forth in Section 3 hereof, all reasonable attorneys' fees and other expenses which Company may expend or incur in enforcing any valid claim(s) under this Guaranty against Guarantor.

10. Severability. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11. Waiver or Amendment. No provision of this Guaranty or right of Company hereunder can be waived, nor can Guarantor be released from Guarantor's duties hereunder, except by a writing duly executed by Company. This Guaranty may not be modified, amended, revised, revoked, terminated, changed, or varied in any way whatsoever except by the express terms of a writing duly executed by Company.

12. Successors and Assigns. This Guaranty shall inure to the benefit of and bind the successors and assigns of Company and Guarantor.

13. Governing Law. This Guaranty shall be governed by and construed in accordance with the law of the State of Minnesota without regard to the principles of conflicts of law thereof.

14. Notices. All notices, requests, claims, demands, and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in the manner contemplated by the Agreement, addressed as follows:

**ATTACHMENT A**

(a) if to Company as provided in the Agreement;

(b) if to Guarantor:

Verso Corporation  
Attn: Timothy Nusbaum  
8540 Gander Creek Drive  
Miamisburg, OH 45342  
Phone: (937) 242-9196  
email: timothy.nusbaum@versoco.com

with a copy to:

Verso Corporation  
Attn: Steven Brooks  
W6889 US Hwy 2  
Quinnesec, MI 49876  
Phone: (906) 779-3681  
email: steve.brooks@versoco.com

or to such other address(es) as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered to Company as of the day and year first above written.

**[Name of Guarantor]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018,  
by \_\_\_\_\_ (name) the \_\_\_\_\_ (title)  
of \_\_\_\_\_ (company).

Notarial Stamp or Seal

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

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

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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SUSAN ROMANS, of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **21<sup>st</sup>** day of **September, 2018**, she served Minnesota Power’s Petition for Approval of Amended and Restated Electric Service Agreement between Minnesota Power and Verso Minnesota Wisconsin LLC via electronic filing on the Minnesota Public Utilities Commission and the Office of Energy Security. The persons on Minnesota Power’s Large Power Service List were served as requested.



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Susan Romans

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Greg	Chandler	greg.chandler@upm.com	UPM Blandin Paper	115 SW First St Grand Rapids, MN 55744	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
David	Chura	dchura@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Paul	Ciesielski	Paul.Ciesielski@arcelormittal.com	ArcelorMittal	3300 Dickey Road East Chicago, IN 46312	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Jack	Croswell	Jack.croswell@cliffsnr.com	Hibbing Taconite	P O Box 589 Hibbing, MN 55746	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	GEN_SL_Minnesota Power_MP's Large Power Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_MP's Large Power Service List
Kimberly	Hellwig	kimberly.hellwig@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
James	Jarvi	N/A	Minnesota Ore Operations - U S Steel	P O Box 417 Mountain Iron, MN 55768	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Langmo	david.langmo@sappi.com	Sappi North America	P O Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Patrick	Loupin	PatrickLoupin@Packaging Corp.com	Packaging Corporation of America	PO Box 990050  Boise, ID 83799-0050	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Sarah	Manchester	sarah.manchester@sappi.c om	Sappi North American	255 State Street Floor 4 Boston, MA 02109-2617	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Keith	Matzdorf	keith.matzdorf@sappi.com	Sappi Fine Paper North America	PO Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Matthew	McClincy	MMcClincy@usg.com	USG	35 Arch Street  Clouquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_MP's Large Power Service List
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Ralph	Riberich	rriberich@uss.com	United States Steel Corp	600 Grant St Ste 2028  Pittsburgh, PA 15219	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Santi	Romani	N/A	United Taconite	P O Box 180  Eveleth, MN 55734	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duulth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Thomas	Scharff	thomas.scharff@versoco.com	Verso Corp	600 High Street Wisconsin Rapids, WI 54495	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Jim	Tieberg	jtieberg@polymetmining.com	PolyMet Mining, Inc.	PO Box 475 County Highway 666 Hoyt Lakes, MN 55750	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Karen	Turnboom	karen.turnboom@versoco.com	Verso Corporation	100 Central Avenue  Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	GEN_SL_Minnesota Power_MP's Large Power Service List