



July 10, 2020

VIA E-FILING

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

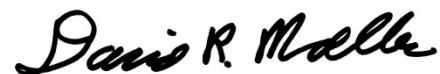
Re: In the Matter of Minnesota Power's
Business Development Incentive Rider
Docket No. E015/M-20-445

Dear Mr. Seuffert:

Minnesota Power submits this proposed modification to its Business Development Incentive Rider in the above-reference Docket.

If you have any questions regarding this filing, please contact me at (218) 723-3963 or dmoeller@allte.com.

Yours truly,



David R. Moeller
*Senior Attorney and
Director of Regulatory Compliance*

DRM:th
Attach.

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

In the Matter of Minnesota Power's
Business Development Incentive Rider

Docket No. E015/M-20-445
PROPOSED MODIFICATIONS

SUMMARY

Minnesota Power proposes to lower the Business Development Incentive Rider threshold for new electric demand from 350 kW to 250 kW to further enhance economic recovery from Docket No. E,G999/CI-20-492 and to align with customer needs.

I. INTRODUCTION

In the 2016 rate case¹ Minnesota Power proposed a Business Development Incentive (“BDI”) Rider that was approved by the Minnesota Public Utilities Commission (“Commission”) in its March 12, 2018 Order.² The BDI Rider is an economic development incentive that is currently available to new and expanding commercial or industrial customers with new or additional load of 350 kW or greater. Approved by the Commission in 2018, Nordic Metals became the first customer receiving service on the BDI Rider in 2019. Additional information on the BDI Rider and Nordic Metals was provided in Minnesota Power’s annual compliance report filed on April 30, 2020. As discussed further below in Section III, Minnesota Power brought forward a proposal to modify the BDI Rider in response to the Commission’s notice in Docket No. E,G999/CI-20-492. This petition requests that modification to the BDI Rider.

II. PROCEDURAL REQUIREMENTS

In accordance with Minn. Rule 7820.2600, 7825.3500, 7829.1300 and additional Commission Orders, Minnesota Power provides the following required information.

A. Name, Address and Telephone Number of Utility

(Minn. Rule 7825.3500 (A) and 7829.1300, subp. 3(A))

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

B. Name, Address and Telephone Number of Utility Attorney

(Minn. Rule 7825.3500 (A) and 7829.1300, subp. 3(B))

David R. Moeller,
Senior Attorney & Director of Regulatory Compliance
Minnesota Power

¹ Docket No. E015/GR-16-664

² Docket No. E015/GR-16-664 Order Point 78

30 West Superior Street
Duluth, MN 55802
(218) 723-3963
dmoeller@allete.com (email)

C. Date of Filing and Date Proposed Rates Take Effect

(Minn. Rule 7825.3500 (B) and 7829.1300, subp. 3(C))

This petition is being filed on July 10, 2020. Until approval from the Minnesota Public Utilities Commission, the existing BDI Rider load threshold will remain in effect.

D. Statute Controlling Schedule for Processing the Petition

Minnesota Power's request for approval of its proposed Reconnect Pilot program falls within the definition of a "Miscellaneous Tariff Filing" under Minn. Rules 7829.0100, subp. 11 and 7829.1400, subp. 1 and 4 permitting comments in response to a miscellaneous filing to be filed within 30 days, and reply comments to be filed no later than 10 days thereafter.

E. Utility Employee Responsible for Filing

(Minn. Rule 7829.1300, subp. 3(E))

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

F. Official Service List

Pursuant to Minn. Rule 7829.0700, Minnesota Power respectfully requests the following persons to be included on the Commission's official service list for this proceeding:

David R. Moeller
Senior Attorney & Director of Regulatory Compliance

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

G. Service on Other Parties

Minnesota Power is eFiling this report and notifying all persons on the Minnesota Power's General Service List that this report has been filed through eDockets. A copy of the service list is included with the filing along with a certificate of service.

H. Filing Summary

As required by Minn. Rule 7829.1300, subp. 1, Minnesota Power is including a summary of this filing on a separate page.

III. BUSINESS DEVELOPMENT INCENTIVE RIDER MODIFICATION

Minnesota Power provides reliable, economic energy and private sector leadership in economic development and has a history of actively engaging in business retention, expansion and attraction efforts. Through decades of state, regional and local partnerships, Minnesota Power has applied its resources, technical assistance and financial investment to build economic development capacity and help companies evaluate sites and secure capital for expansion and relocation projects in its service area. Minnesota Power's economic development team provides site selection assistance, electric rate information, market and industry research and information and referral for businesses looking to locate or expand in northern Minnesota. Since the COVID-19 pandemic began, Minnesota Power's economic development team has been actively engaged in economic response and business retention efforts across its service territory. The economic development team also continues to work with prospective new leads and projects that have potential to boost jobs and capital investment.

One tool Minnesota Power has to incentivize future capital investment and job creation in northern Minnesota is its BDI Rider. The BDI Rider is an economic development incentive

that is currently available to commercial or industrial customers with new or additional load of 350 kW or greater. Approved by the Commission in 2018, Nordic Metals became the first customer receiving service on the BDI Rider in 2019. Several more customers were evaluating their eligibility prior to the economic crisis, and others found their operations would fall shy of the 350 kW threshold.

Customers receiving discounts under the BDI Rider are required to enter into a six-year electric service agreement. Existing customers must add 350 kW of new electric demand at one delivery point as a result of the addition of equipment or expansion of the customer's facility or operations. The Department of Commerce filed comments in this Docket on May 14, 2020 recommending the Commission accept Minnesota Power's annual compliance filing and "Direct MP to add language to its tariff to clarify that a subscriber may receive the rate at multiple delivery points as long as each delivery point independently qualifies." Minnesota Power filed a letter on June 15, 2020 accepting the Department's recommendation. Also, new customers must also add a minimum of 350 kW and demonstrate one of the eligibility requirements. The demand charge discount is as follows:

Years	General Service and Large Power Large Light & Power	
Years 1-3	50%	30%
Year 4	25%	15%
Year 5	15%	5%

Upon consideration of Docket No. E,G999/CI-20-492, Minnesota Power reviewed the BDI Rider to evaluate whether modification could be made to further enhance efforts to attract new jobs and capital investment in the region. As an effort to help customers recover and rebuild from the COVID-19 pandemic, Minnesota Power is now proposing to lower the existing threshold of 350 kW of new electric demand at one service point to 250 kW. The Company currently has 75 customers who have between 250 kW – 350 kW of electric demand. Lowering the eligibility threshold to 250 kW of new electric demand will increase

the likelihood the program will be used by smaller business customers in industries like manufacturing, health care, and food processing.

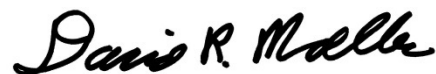
This change will help to assist in potential job creation and economic recovery for Minnesotans while providing significant utility system benefits by encouraging development that can help keep costs lower for all customers. The Company does not anticipate this change will have a cost, as prospective customers must still pass a net benefit analysis to show incremental additional revenues received by the Company exceed the incremental additional costs incurred by Minnesota Power before seeking Commission approval to apply the discount.

IV. CONCLUSION

The Company believes a modification to the BDI Rider is in the public interest and follows the direction set forth by the Commission in Docket No. E,G999/CI-20-492. Minnesota Power respectfully requests approval of its modification to the BDI Rider that will assist in customers.

Dated: July 10, 2020

Respectfully Submitted,

A handwritten signature in black ink that reads "David R. Moeller". The signature is written in a cursive, flowing style.

David R. Moeller
*Senior Attorney and
Director of Regulatory Compliance*

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 10th day of July, 2020, she served Minnesota Power's Proposed Modification in **Docket No. E015/M-20-445** 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