

July 21, 2020

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/M-20-608

Dear Mr. Seuffert,

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

In the Matter of Minnesota Power's Proposed Modification to its Business Development Incentive Rider.

The Petition was filed on July 10, 2020 by:

David R. Moeller  
Senior Attorney and Director of Regulatory Compliance  
Minnesota Power  
30 West Superior Street  
Duluth, Minnesota 55802-2093

The Department recommends the Minnesota Public Utilities Commission (Commission) **approve the modification to the electric demand threshold**. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE  
Rate Analyst Coordinator

SLP/ja  
Attachment



**Before the Minnesota Public Utilities Commission**  

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**Comments of the Minnesota Department of Commerce**  
**Division of Energy Resources**

Docket No. E015/M-20-608

**I. BACKGROUND**

The Minnesota Public Utilities Commission (Commission) approved Minnesota Power's (MP or the Company) Business Development Incentive (BDI) Rider in its March 12, 2018 Order in Docket No. E015/GR-16-664.<sup>1</sup>

In its March 12, 2018 Order the Commission directed MP to:

File an annual compliance filing on May 1<sup>st</sup> each year (in a new miscellaneous docket) showing the number of customers served on the rider, together with each customer's incremental revenue and costs.

On April 30, 2020, MP submitted its annual compliance filing for the reporting period April 1, 2019 through March 31, 2020 in Docket No. E015/M-20-445, and proposed some additional language on the application of the tariff to address instances in which a customer has multiple delivery points. On May 14, 2020, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments recommending that the Commission accept MP's annual compliance filing, and requesting that the Company file clarifying language to its tariff. On June 15, 2020, MP filed a letter agreeing to add language to the BDI Rider tariff to clarify that customers taking service under the tariff may receive the discount at multiple delivery points as long as each delivery point independently qualifies.

On July 10, 2020, MP submitted a request for approval to lower the threshold for new electric demand under its BDI Rider from 350 kW to 250 kW (Petition). MP indicated that the proposal was prompted by the Commission's notice in Docket No. E,G999/CI-20-492, *In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19-Pandemic*.

**II. SUMMARY OF THE FILING**

MP's BDI Rider is intended to provide customers with an economic development incentive for new or additional load. The Rider is available to commercial and industrial (C&I) customers with new or additional load of 350 kW or greater. Customers receiving the discount are required to sign a six-year electric service agreement, and receive declining levels of demand charge discounts over the contract period.

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<sup>1</sup> *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, FINDINGS OF FACT, CONCLUSIONS, AND ORDER, Docket No. E015/GR-16-664, March 12, 2018.

In its Petition, MP stated that it undertook an evaluation of the BDI Rider as part of its review of economic development, and new investment in its territory as part of its analysis in Docket No. E,G999/CI-20-492,<sup>2</sup> and concluded a modification to its BDI tariff would be a reasonable method of further assisting C&I customers in its territory. Specifically, MP proposed to reduce the eligibility threshold from 350 kW to 250 kW in new electric demand. MP stated that it does not anticipate the reduction of threshold demand levels will have a cost, as prospective customers must still pass a net benefit analysis to demonstrate that incremental additional revenues to the Company exceed the incremental additional costs of the discount.

### **III. DEPARTMENT ANALYSIS**

The Department has no concerns with MP's proposal to reduce its threshold demand requirement for 350 to 250 kW. The Department notes that even at the 350 kW threshold, the Company has only one customer receiving the BDI discount. In the currently challenging economic environment, the number of customers adding an additional 250 kW to their electric demand is likely to be limited. The Department recommends approval.

### **IV. DEPARTMENT RECOMMENDATION**

The Department recommends that the Commission approve MP's proposal to reduce the BDI Rider threshold demand requirement from 350 kW to 250 kW.

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<sup>2</sup> *In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic*, E,G999/CI-20-492.