BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of Minnesota Power's Revised Petition for a Competitive Rate for Energy-Intensive Trade-Exposed (EITE) Customers and an EITE Cost Recovery Rider	ISSUE DATE: August 7, 2020 DOCKET NO. E-015/M-16-564
In the Matter of the Application of Minnesota Power for Authority to Increase Electric Service Rates in Minnesota	DOCKET NO. E-015/GR-19-442
In the Matter of the Emergency Petition of Minnesota Power for Approval to Move Asset-Based Wholesale Sales Credits to the Fuel Clause Adjustment and Resolve Rate Case	DOCKET NO. E-015/M-20-429 ORDER APPROVING PETITION AND RESOLVING RATE CASE WITH CONDITIONS

PROCEDURAL HISTORY

On December 21, 2016, the Commission issued an order addressing the needs of energy-intensive trade-exposed (EITE) customers under Minn. Stat. § 216B.1696 served by Minnesota Power (the Company).[1] The order authorized Minnesota Power to offer a four-year rate discount to certain large industrial customers, and certain large commercial customers that are subject to global competition.[2]

On February 1, 2017, Minnesota Power implemented its EITE rate discount with an anticipated expiration date of February 1, 2021.

[1] *In the Matter of Minnesota Power's Revised Petition for a Competitive Rate for Energy-Intensive Trade-Exposed (EITE) Customers and an EITE Cost Recovery Rider*, Docket No. E-015/M-16-564 (EITE Docket), Order Approving EITE Rate, Establishing Cost Recovery Proceeding, and Requiring Additional Filings (December 21, 2016); *see also* Order Authorizing Cost Recovery with Conditions (April 20, 2017) (April 2017 EITE Order).

[2] *Id.*, Order Approving EITE Rate, Establishing Cost Recovery Proceeding, and Requiring Additional Filings, at 5 and 9.

On March 12, 2018, the Commission issued an order setting rates in Minnesota Power's 2016 rate case (the 2016 Rate Case).[3]

On November 1, 2019, Minnesota Power initiated a new general rate case (the 2019 Rate Case).[4] Under Minn. Stat. § 216B.16, subds. 2 and 3, the Commission authorized the Company to begin collecting an interim rate increase beginning January 1, 2020.

On March 17, 2020, the Commission extended the term of the EITE Rate Discount "until final rates … in [the 2019 Rate Case] take effect," subject to conditions.[5]

On April 23, 2020, Minnesota Power filed a petition and proposal to resolve and ultimately withdraw the 2019 Rate Case.

On April 30, 2020, Minnesota Power filed a supplement to its petition.

By May 21, 2020, the Commission had received comments, reply comments, or both from members of the public as well as the following parties:

- the Citizens Utility Board of Minnesota (CUB) and the Energy CENTS Coalition (Energy CENTS)
- the Clean Energy Organizations (CEOs)[6]
- the Iron Mining Association of Minnesota (IMA)[7]
- Large Power Intervenors (LPI)[8]
- Minnesota Department of Commerce, Division of Energy Resources (Department)
- the Minnesota Forest Industries (MFI)

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[3] *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-16-664, Findings of Fact, Conclusions, and Order (March 12, 2018).

[4] *In the Matter of the Application of Minnesota Power for Authority to Increase Electric Service Rates in Minnesota*, Docket No. E-015/GR-19-442.

[5] EITE Docket, Order Approving Rider Extension with Conditions, at 4 (March 17, 2020).

[6] The CEOs include Fresh Energy, Minnesota Center for Environmental Advocacy, Sierra Club, and Clean Grid Alliance.

[7] IMA represents six taconite mines and 200 related businesses.

[8] LPI represents ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Enbridge Energy Limited Partnership; Gerdau Ameristeel US Inc.; Hibbing Taconite Company; Northern Foundry, LLC; Sappi Cloquet, LLC; USG Interiors, Inc.; United States Steel Corporation (Keetac and Minntac Mines); United Taconite, LLC; and Verso Corporation.

- Minnesota Power
- the Office of the Attorney General—Residential Utilities Division (OAG)
- Walmart Inc. (Walmart)

On June 4, 2020, the Commission met to consider this matter.[9]

FINDINGS AND CONCLUSIONS

I. Summary of Commission Action

In this order the Commission will do the following:

- Approve Minnesota Power's petition to shift recovery of its energy and capacity asset-based wholesale sales margins from base rates to its fuel clause adjustment.
- Restore the February 1, 2021 expiration date for Minnesota Power's EITE rate discount, and direct Minnesota Power to file a proposal for extending the discount.
- Direct Minnesota Power to explore changes to the structure of the rates it charges to various classes of customers (its rate design).
- Require new policies regarding late payments and similar fees for residential customers.
- Establish requirements for Minnesota Power's next rate case.
- Direct Minnesota Power to compensate private parties that intervened in this docket to promote the public interest.

II. Background

A. Rates and Periodic Rate Adjustments

In a general rate case, the Commission sets rates after considering the public need for adequate, efficient, and reasonable service and the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property.[10] In conducting a general rate case, parties scrutinize the costs that the utility reports and forecasts for a 12-month period, called a *test year*.[11]

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[9] On June 30, 2020, the Commission issued a preliminary order in this docket, outlining the decisions that are set forth here in full.

[10] Minn. Stat. § 216B.16, subd. 6.

[11] Minn. R. 7825.2400, subp. 18.

In addition to setting rates in a general rate case, the Legislature also provides for a utility to adjust rates between rate cases to reflect certain changes arising since the utility's last case. For example, energy utilities may adjust their rates periodically to reflect changes to energy-related costs via a mechanism known as the *fuel clause adjustment*, provided that the Commission may scrutinize the basis for these changes.[12] The Commission ordered utilities generally to set these adjustments once a year,[13] but provided for utilities to make additional adjustments if –

- events or circumstances cause an increase or decrease of at least five percent in the costs used to set the fuel clause adjustment rate;
- the events or circumstances were unforeseeable and outside of the utility's control;
- the events or circumstances are expected to continue for the remainder of the year; and
- the resulting costs (or savings) are reasonable to pass on to ratepayers.[14]

B. Asset-Based Margins

An electric utility may use its generating assets to serve its retail ratepayers and also to provide energy and generating capacity to sell to wholesale customers. The profits the utility earns on these wholesale transactions are called *asset-based margins*. Ratepayers benefit from these transactions because the profits help offset the utility's other costs.

For example, in Minnesota Power's 2016 Rate Case the Commission estimated that the Company would generate $35.8 million in energy and capacity asset-based margins, and used this sum to offset the costs to be recovered through base rates. A large portion of Minnesota Power's asset-based margins came from the Company's long-term contract with Basin Electric Power Cooperative (the Large Market Contract).

C. Energy-Intensive Trade-Exposed (EITE) Customers

As previously noted, Minn. Stat. § 216B.1696 provides for an energy utility to offer discounts to EITE customers. Under the statute, the Commission must allow the utility to recover any costs (including reduced revenues) or refund any savings (including increased revenues) associated with providing service under an EITE rate.

The April 2017 EITE Order required Minnesota Power to track the costs of providing the EITE discount, as well as the new revenues resulting from increased sales to EITE customers compared to sales levels established in the 2016 Rate Case. If the EITE costs exceeded the new

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[12] Minn. Stat. § 216B.16, subd. 7; Minn. R. 7825.2390–7825.2920.

[13] *In the Matter of an Investigation into the Appropriateness of Continuing to Permit Electric Energy Cost Adjustments*, Docket No. E-999/CI-03-802, Order Approving New Annual Fuel Clause Adjustment Requirements and Setting Filing Requirements (December 19, 2017).

[14] *Id*., Order Approving Additional Details of New Fuel Clause Adjustment Process, at 4–5 (June 12, 2019).

revenues, the Commission would authorize Minnesota Power to collect the difference via a surcharge on its non-EITE customers. If the new revenues exceeded the cost, Minnesota Power would issue a refund to its non-EITE customers, up to a specified limit.

III. Minnesota Power’s Rate Case Filing

On November 1, 2019, Minnesota Power filed a general rate case seeking an annual rate increase of $65,900,137, or 10.59%. The filing included an interim-rate schedule proposing an annual interim-rate increase of approximately $47.9 million, or 7.7%, for service rendered on and after January 1, 2020. And the Company proposed using calendar year 2020 as the test year for its rate case.

IV. Minnesota Power’s Proposal for Resolving the Rate Case

On April 23 and 30, 2020, Minnesota Power proposed a method for resolving its rate case, as summarized below.

A. Rationale

The Company filed its rate case based on a forecasted test year that assumed moderate variations in costs and revenues, but with substantial reductions in asset-based margins. But the COVID-19 pandemic has reduced economic activity around the globe—including activity among Minnesota Power’s customers. These extraordinary circumstances raise doubts that scrutinizing the 2020 test year will provide appropriate guidance for setting rates for the Company’s future operations.

Nevertheless, Minnesota Power argues that other changes arising since the end of its 2016 Rate Case also make its current rates inappropriate. To address its concerns, Minnesota Power identifies a list of rate changes that would not require a full evaluation of the Company’s gross revenue requirement but would, if adopted, provide sufficient relief to permit the Company to withdraw its current rate case—and even commit to delaying any new rate case.

B. Proposal components

Minnesota Power’s proposal has many components—and the Company has added more since incorporating some of the proposals of the parties.

1. Refund of rate interim rate increases though May 1, 2020

First, Minnesota Power proposes to restore rates through May 1, 2020, to the levels set in the 2016 Rate Case. This would entail returning to ratepayers the interim rate increase collected during the first four months of 2020.

2. Change in recovery of asset-based margins after May 1, 2020

Second, Minnesota Power proposes to recalculate rates collected after May 1, 2020, based on the same formula established in its last rate case but with one exception: It would incorporate its asset-based margins into the calculation of its fuel clause adjustment rather than its base rates. This change would have a variety of consequences. Most immediately, this change would require Minnesota Power to adjust rates to collect more via its base rates, and less via its fuel clause adjustment. In the 2016 Rate Case, the Commission authorized Minnesota Power to recover a net $623.1 million in base rates. By removing the asset-based margins from this calculation, Minnesota Power would need to recover an additional $35.8 million through base rates. To raise this sum, Minnesota Power proposes new base rates designed to increase the revenues from each class of customer by 5.75 percent.

At the same time, incorporating asset-based margins into the calculation of the fuel clause adjustment would have two primary effects. First, it would reduce the amount of the fuel clause adjustment that would otherwise be added to rates. Second, because factors in the fuel clause adjustment are updated periodically, this change would result in Minnesota Power updating the amount of its asset-based margins to be incorporated into rates as of May 1, 2020. And because the Large Market Contract expired on April 30, 2020, among other reasons, the Company projects asset-based margins to decline from $35.8 million to $10 million.

3. Withdrawal of rate case

Third, Minnesota Power would withdraw its current rate case and refrain from filing a new one until March 1, 2021. Furthermore, the Company would extend its rate case moratorium an additional eight months if none of its EITE customers shuts down or reduces demand by 50 megawatts (MW) for three months or more relative to demand as of April 20, 2020. If such a loss of load prompted Minnesota Power to initiate a rate case before November 2021, the Company would provide the Commission with 90 days' prior notice.

4. Defer changes to rate design

Fourth, Minnesota Power would abandon, or at least delay, implementing various changes it had proposed as part of the Company's rate case, and retain its status quo policies instead. In particular, Minnesota Power had proposed changing the pricing structure, or *rate design*, that it uses in charging customers for service. The Company noted that it had been working with various stakeholders in a separate docket to revise its rate design, especially for residential customers[15]—and suggests that rate design issues be deferred to that docket.

But Minnesota Power identifies one final aspect of the status quo that would have to change, even if it withdrew its rate case. As previously discussed, the Commission recently extended the life of the EITE rate discount "until final rates … in [the 2019 Rate Case] take effect."[16] It is unclear how to interpret this language in the event that Minnesota Power withdraws its rate case. To resolve this conundrum, the Company proposes that the Commission reinstate the rate's initial expiration date of February 1, 2021. Minnesota Power clarifies, however, that this proposal is not intended to alter any party's ability to propose changes or extensions to this discount, or to propose any new discount.

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[15] *In the Matter of Minnesota Power's Compliance Report for its Temporary Rider for Residential Time-of-Day Rate for Participants of the Smart Grid Advanced Metering Infrastructure Pilot Project*, Docket No. E-015/M-12-233.

[16] EITE Docket, Order Approving Rider Extension with Conditions, at 4 (March 17, 2020).

V. Positions of the Parties

A. Support for the Proposal

The CEOs, the Department, and Walmart support the proposal.

Since the CEOs opposed many of Minnesota Power's proposed changes for residential rates—for example, increasing the monthly customer charge and imposing flat usage rates—they welcomed the Company's proposal to withdraw its case.

On the other hand, Walmart expressed regret about losing the opportunity to make large changes in the Company's rate design. Walmart argues that Minnesota Power's largest customers—customers in the Large Power class and the Large Light & Power class—bear a disproportionate share of the Company's costs as demonstrated in the Company's cost-of-service studies. But, according to Walmart, Minnesota Power's proposal would ameliorate this situation by reducing the share of the Company's costs derived from these larger customers.

The Department estimates that Minnesota Power's proposed resolution would likely result in lower rates for each customer class than would litigating Minnesota Power's rate case to a conclusion. Also, the Department notes that Minnesota Power's proposal to recover asset-based margins via its fuel clause adjustment is not unusual. The Commission has previously authorized both Otter Tail Power Company (Otter Tail) and Northern States Power Company d/b/a Xcel Energy (Xcel) to incorporate asset-based margins into the calculation of their fuel clause adjustment.

To facilitate implementation of Minnesota Power's proposal, the Department recommends that the Company make a compliance filing showing final rates and all related tariff changes, including supporting spreadsheets with formulas included, and a brief narrative to explain all changes to the rate calculations made since Minnesota Power's April 30, 2020 supplemental filing.

B. CUB and Energy CENTS

CUB and Energy CENTS agree with the rationale for Minnesota Power's proposal, but decline to give their support to the Company's proposal without the addition of the following terms to facilitate the work of public interest intervenors:

- Minnesota Power should provide reasonable intervenor compensation to parties participating in this proceeding in order to promote a public purpose or policy.

- Before its next rate case, Minnesota Power should work with interested parties to discuss alternative methods of allocating residential late payment and similar fees among customer classes. And in its next rate case, Minnesota Power should submit information on its process for collecting residential late fees and the costs expended in these collection efforts.

- Before its next rate case, Minnesota Power should ensure that parties can modify the inputs and cost allocators used in the Company's cost-of-service study model to allow parties to receive real-time calculations and outputs. Minnesota Power should also track and report any costs related to complying with this requirement.

C. IMA, LPI, and MFI

IMA, LPI, and MFI do not oppose resolving the rate case—and, in particular, LPI supports the Company's proposal to raise an additional 5.75 percent in base rates from each customer class after incorporating the current EITE discount from the Large Power class. But they do not support Minnesota Power's proposal without extending the EITE discount until the end of the Company's next rate case. In addition, they recommend that Minnesota Power work with its Large Light and Power customers and its Large Power customers to revise rate designs.

D. OAG

The OAG does not support Minnesota Power's proposal—arguing that its benefits are smaller than they initially appear, its costs larger, and it would result in higher rates than the status quo.

Under the status quo, the Company's base rates reflect a stable $36 million in revenues from asset-based margins. The Company's idea of accounting for asset-based margins in the fuel clause adjustment rather than in base rates would mean that base rates must increase to recover an additional $36 million. And while shifting asset-based margins to the fuel clause adjustment may reduce the amount to be recovered via that mechanism, the OAG argues that this benefit is not worth the cost. According to the OAG, this margin 1) has now declined in value to $10 million, 2) will continue to fluctuate in value, and 3) will likely trend lower, as the Company excludes from asset-based margins any wholesale transactions that offset a loss of customer load. The OAG notes that Minnesota Power has not provided any forecasts of asset-based margins.

In addition, the OAG objects to Minnesota Power's proposed rate design. The Company proposes increasing the revenues to be recovered from each customer class by 5.75 percent—but this incorporates the EITE discount applicable to the Large Power class. The OAG notes that the EITE discount was scheduled to expire by the end of Minnesota Power's rate case, or potentially by February 2021. The Company's rate design would effectively embed an aspect of the EITE discount in rates indefinitely.

The OAG objects to the idea that parties would surrender their opportunity to scrutinize the rest of Minnesota Power's rates and operations.

Finally, the OAG argues that the chief benefit of Minnesota Power's proposal—the opportunity to get the Company to withdraw its rate case—would merely delay its next case until March 1, 2021. While Minnesota Power states that it would further postpone its next case under the right economic circumstances, the OAG believes that current trends make those circumstances unlikely.

That said, the OAG states that it could support shifting asset-based wholesale margins from base rates to the fuel clause adjustment, and support deferring rate-design issues to another docket, on the condition that the Company defer other considerations of the EITE discount. This would entail deferring any proposal to extend the EITE discount. Additionally, where Minnesota Power proposes to increase base rate revenues from each customer class by 5.75 percent, the OAG would expect this increase to apply to each class's revenue requirement as established in the 2016 rate case, before the application of the EITE discount.

VI. Commission Action

A. Introduction

Minnesota's rate-setting process is designed to provide a rigorous method for scrutinizing a utility's cost and sales forecasts, and designing the rates to be charged for each class of customers. A rate case requires substantial time and resources, but it rewards parties and the public with just and reasonable rates that are appropriate for the ongoing operations of a prudently managed utility.

Parties lay the foundation in a rate case by scrutinizing the data from the test year. But in the current case, the test year included the abrupt economic changes triggered by the COVID-19 pandemic. This extraordinary circumstance gives all parties and the Commission cause to doubt that the test year would yield data that would be representative of the utility's future circumstances and operations. In short, the rate case appears to be damaged at its foundation.

Faced with these circumstances, on April 23 and 30, 2020, Minnesota Power described terms under which the Company would be willing to withdraw its rate case. Most parties support the proposal as a welcome path forward. But several parties identified shortcomings in forgoing a rate case.

The OAG expressed a variety of concerns with Minnesota Power's proposal. In particular, the OAG objected that the proposal would result in higher rates than the status quo, would deprive parties of the opportunity to scrutinize the Company's operations, and would likely result in postponing the Company's rate case only until March 1, 2021.

Having considered the arguments of the parties, the Commission concludes that Minnesota Power's proposal seems well designed to produce a reasonable result under the circumstances. The Commission recognizes that the proposal will result in a net rate increase for the Company relative to the status quo. But the Commission is not persuaded that the status quo is the most relevant point of comparison. The Department concluded that Minnesota Power would likely achieve a rate increase as a result of either the Company's proposal, or the Company's rate case—and further concluded that the Company's proposal would likely result in a smaller increase for each customer class. The Commission finds the Department's analysis more compelling.

The Commission concurs with the OAG that, under the terms of Minnesota Power's proposal, the Company might file another rate case as soon as March 1, 2021. And when the Company files its next case, intervenors will again have the opportunity to scrutinize the Company's operations and challenge the Company's rates. Thus, even if the OAG regards the benefits of Minnesota Power's proposal to be modest, the forgone opportunities are similarly modest.

Accordingly, the Commission will approve Minnesota Power's proposal—albeit with conditions.

B. Recovery of asset-based margins

To withdraw its rate case, Minnesota Power primarily requires the opportunity to incorporate its asset-based margins into its fuel clause adjustment, rather than its base rates, as of April 30, 2020. The Company would refund to ratepayers any interim rate increase paid prior to that date.

No party objects to Minnesota Power's proposal to refund interim rate increases as part of withdrawing a rate case. And, as the Department noted, the Commission has previously authorized Otter Tail and Xcel to account for asset-based margins via their fuel clause adjustments. Accordingly, the Commission finds these portions of the proposal reasonable.

The Commission must also evaluate the timing that Minnesota Power has proposed for changes to its fuel clause adjustment. As previously stated, utilities must charge the Commission-approved fuel clause recovery rates throughout the calendar year unless –

- events or circumstances cause an increase or decrease of at least five percent in the costs used to set the fuel clause adjustment rate;
- the events or circumstances were unforeseeable and outside of the utility's control;
- the events or circumstances are expected to continue for the remainder of the year; and
- the resulting costs (or savings) are reasonable to pass on to ratepayers.[17]

In this case, the magnitude of the change resulting from Minnesota Power's proposal—adding $35.8 million from asset-based margins, and then subtracting $25.8 million to reflect the updated value of those margins—would exceed five percent of its standard recovery via the fuel clause. The Company has proposed this change as part of an effort to resolve a pending rate case that has been complicated by the consequences of the COVID-19 pandemic, a circumstance that was unforeseeable and outside of the utility's control. Moreover, the economic consequences of this pandemic are expected to continue for the remainder of the year.

Finally, the Commission finds it reasonable to authorize the Company to provide customers with the benefit of its savings from its asset-based margins. Because the Commission does not need to establish Minnesota Power's gross revenue requirement in order to adjust the formula for the Company's fuel clause adjustment and its base rates, this change may be implemented without the full procedures of a general rate case.[18] Accordingly, the Commission finds this aspect of Minnesota Power's proposal to be reasonable as well.

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[17] *In the Matter of an Investigation into the Appropriateness of Continuing to Permit Electric Energy Cost Adjustments,* Docket No. E-999/CI-03-802, Order Approving Additional Details of New Fuel Clause Adjustment Process, at 4–5 (June 12, 2019).

[18] *See* Minn. R. 7829.0100, .1300, .1400, .2400 (distinguishing procedures for filing miscellaneous tariffs from procedures for "[a] utility filing a general rate case or other filing that requires determination of its gross revenue requirement…." Minn. R. 7829.2400).

C. Readjustment of base rates

In choosing to incorporate asset-based margins into the fuel clause adjustment, Minnesota Power must adjust its base rates to offset this change. In the interest of maintaining the status quo to the greatest extent possible consistent with this change to asset-based margins, the Company proposes increasing the revenues due from each customer class by a uniform percentage. While most parties support this change, the OAG recommends excluding the effect of the EITE discounts from this calculation.

The Commission will decline the OAG's recommendation. Consistent with the objective of maintaining the status quo to the maximum extent possible, the Commission will leave the EITE discounts as they were at the time the rate case—and the proposed resolution—were filed. But as the Company clarified, this resolution does not limit any party's ability to challenge the EITE discount in the future—including in the Company's next rate case.

D. Rate design

Terminating the rate case will frustrate some parties' efforts to make changes to the Company's rate design. Recognizing this fact, Minnesota Power proposed that the Commission defer discussion of its residential rate design to another docket already addressing that topic. No party opposed this proposal, and the Commission finds it reasonable.

However, the Commission recognizes that parties seek changes to the rate design for other customers, too. To address these concerns, the Commission will direct Minnesota Power to work with its Large Light & Power customers, as well as its Large Power customers, to develop new rate design proposals. To encourage diligent effort, the Commission will direct the Company to file a report on the progress of these discussions within six months.

Finally, the Commission must address the status of the Company's EITE Customer rate discount. All parties recognize that the status quo—maintaining the discount through the end of this rate case—must change, but parties did not agree on the specific change to adopt. Consistent with the objective of maintaining the status quo to the greatest extent practicable, the Commission will restore the expiration date of February 1, 2021. The Commission is not persuaded that this order provides the appropriate forum for eliminating the EITE discount, as the OAG requested, or for extending the discount beyond 2021, as IMA, LPI, and MFI requested. However, the Commission will direct Minnesota Power to work with stakeholders to explore extending the discount. Given the urgency expressed by the Large Power customers, the Commission will direct the Company to make a proposal for extending the discount by August 31, 2020.

E. Conditions facilitating work of public interest intervenor

The Commission will adopt the recommendations of CUB and Energy Cents to support the efforts of public interest organizations in developing rate case issues. To this end, the Commission will make its approval of Minnesota Power's proposal contingent upon these three additions:

- Minnesota Power must provide reasonable intervenor compensation to parties participating in this proceeding with the objective of promoting a public purpose.

- Before its next rate case, Minnesota Power must ensure that parties can modify the Company's class cost of service study model inputs and cost allocators to allow parties to receive real-time calculations and outputs, and track and report any costs related to complying with this requirement.

- In its next rate case, Minnesota Power must submit information on its process for collecting residential late fees and the costs expended in these collection efforts. And before its next rate case, Minnesota Power must work with interested parties to discuss alternative methods of allocating residential late payment and similar fees.

F. Compliance filings

Finally, to implement these changes, the Commission will adopt the Department's recommendation to direct Minnesota Power to file final rates and all related tariff changes. This filing must include supporting spreadsheets with formulas, and a brief narrative explaining all changes to the rate calculations made since the Company's April 30, 2020 filing. With the implementation of new rates, and the withdrawal of the rate case, parties will be freed to pursue their various interests in other dockets as appropriate.

ORDER

1. The Commission approves Minnesota Power's petition and proposal as set forth in the Company's filings of April 23 and 30, 2020, to resolve and withdraw the 2019 Rate Case, subject to the following conditions:

   A. Minnesota Power shall provide reasonable intervenor compensation to parties participating in this proceeding with the objective of promoting a public purpose.

   B. Before its next rate case, Minnesota Power shall ensure that parties can modify the Company's class cost-of-service study model inputs and cost allocators to allow parties to receive real-time calculations and outputs. The Company shall also track and report any costs related to complying with this requirement.

   C. In its next rate case, Minnesota Power shall submit information on its process for collecting residential late fees and the costs expended in these collection efforts. Before its next rate case, Minnesota Power shall work with interested parties to discuss alternative methods of allocating late payment and similar fees to residential customers.

2. Regarding rate design, Minnesota Power shall do the following:

   A. Address issues of residential rate design issues in Docket No. E-015/M-12-233, *In the Matter of Minnesota Power's Compliance Report for its Temporary Rider for Residential Time-of-Day Rate for Participants of the Smart Grid Advanced Metering Infrastructure Pilot Project*.

B. Work with its Large Light & Power customers on rate design alternatives and file a report on those discussions within six months.

C. Work with its Large Power customers on rate design alternatives and file a report on those discussions within six months.

D. Maintain the current Energy-Intensive Trade-Exposed Customer rate discount through February 1, 2021, and work with stakeholders to bring forward a proposal by August 31, 2020, to extend the EITE rate discount.

3. Minnesota Power shall submit a compliance filing within ten days including –

A. final rates and all related tariff changes;

B. supporting spreadsheets with formulas; and

C. a brief narrative explaining all changes to the rate calculations made since Minnesota Power's April 30, 2020 supplemental filing in this docket.

4. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Will Seuffert
Executive Secretary

This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.