

**STATE OF MINNESOTA
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 the Application of Minnesota
Power for Authority to Increase Electric
Service Rates in Minnesota

Docket No. E015/GR-23-155

NOTICE OF CHANGE IN RATES

A. Introduction

In this Application for Authority to Increase Electric Service Rates in Minnesota (“Application”), Minnesota Power seeks authority from the Minnesota Public Utilities Commission (“Commission”) to increase retail electric rates in Minnesota pursuant to Minn. Stat. § 216B.16 and Minn. R. 7825.3100–7825.4600 and 7829.2400. Minnesota Power requests that the Commission authorize a net base rate increase of \$89.1 million Minnesota jurisdictional (approximately 12.0 percent), exclusive of moving the Great Northern Transmission Line (“GNTL”) from the Transmission Cost Recovery Rider to base rates and resetting the Production Tax Credit (“PTC”) baseline with an accompanying change in the Renewable Resources Rider, effective January 1, 2024, without suspension. This equates to a requested base rate increase of 17.2 percent based on the Company’s gross Minnesota jurisdictional revenue deficiency of approximately \$127.9 million.

If the Commission elects to suspend the proposed rate increase under Minn. Stat. § 216B.16, subd. 2, Minnesota Power requests, pursuant to Minn. Stat. § 216B.16, subd. 3, that an interim rate increase be effective on January 1, 2024, with final rates becoming effective within ten months of the date of this Application. The interim rate increase is \$63.8 million Minnesota jurisdictional, or approximately 8.6 percent, net of moving GNTL to base rates and resetting the PTC baseline. This equates to a requested gross interim rate change of 13.8 percent based on the Company’s Minnesota jurisdictional interim revenue deficiency of approximately \$102.6 million. Minnesota Power also proposes changes to its rate design and terms of service.

This Application includes the following information in accordance with Minnesota Statutes and the Commission’s rules:

B. Notice and Proposal Regarding General Rate Change

(Minn. R. 7825.3200(A)(1) and 7825.3500)

1. Name, address, and telephone number of utility.

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

2. Name, address, and telephone number of attorneys for the utility.

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Elizabeth M. Brama
Valerie T. Herring
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3. Date of filing and date modified rates are to be effective.

The date of this filing is November 1, 2023. Pursuant to Minn. Stat. § 216B.16, subd. 1, Minnesota Power respectfully requests that the overall rate increase it proposes become effective January 1, 2024, without suspension. A schedule of rates and tariffs reflecting the revenue increase requested and the proposed rate design described in the attached documents is included with the Application.

If the Commission suspends the proposed rate increase under Minn. Stat. § 216B.16, subd. 2, Minnesota Power respectfully requests, pursuant to Minn. Stat. § 216B.16, subd. 3, that the Commission approve the interim rate increase proposed in the Petition for Interim Rates, which is filed as part of this Application, effective January 1, 2024, with final rates effective within ten months of the date of this Application.

4. Description and purpose of the change in rates requested.

The Application for a change in rates applies to all Minnesota Power retail customers in the State of Minnesota. The overall purpose of the proposed rate change is to produce the additional revenue necessary to meet Minnesota Power's cost of service for the test year ending December 31, 2024. This filing complies with the provisions of Minn. Stat. § 216B.16 and the Commission's rules governing rate changes.

5. Effect of the change in rates.

The effect of the proposed rate increase, which is based on the Company's proposed 2024 test year revenue deficiency, is a general increase in rates for retail electric service of

approximately \$89.1 million (12.0 percent), net of rider amounts moving to base rates. Without the associated decrease to riders, the base rate change is approximately \$127.9 million (17.2 percent overall). If the Commission should suspend the Application, the Company is requesting an increase to interim rates of approximately \$63.8 million or about 8.6 percent net of offsetting rider decreases, which equates to a gross interim increase to base rates of approximately \$102.6 million (13.8 percent overall).

6. Signature and title of utility officer authorizing the proposal.

The Application is signed on behalf of Minnesota Power by Patrick L. Cutshall, ALLETE Vice President & Corporate Treasurer.

C. Modified Rates (Minn. R. 7825.3200(A)(2) and 7825.3600)

Included in this Application are rate schedules containing the proposed changed rates and tariffs. General rate schedules and tariffs are included in Volume 3 of this Application and are supported by the Direct Testimony of Ms. Amanda L. Turner, Mr. Stewart J. Shimmin, and Ms. Leah N. Peterson.

D. Expert Opinions and Supporting Documents (Minn. R. 7825.3200(A)(3) and 7825.3700)

The statements of fact, expert opinions, and substantiating documents and exhibits supporting Minnesota Power's proposed change in rates accompany this Application. Pursuant to Minn. R. 7825.3700, Patrick L. Cutshall, ALLETE Vice President & Corporate Treasurer, provides Direct Testimony as Minnesota Power's designated official in support of the Application. A list of Minnesota Power's other witnesses is provided in the Direct Testimony of Company witness Jennifer J. Cady.

E. Information Requirements (Minn. R. 7825.3200(A)(4) and 7825.3800 to 7825.4400)

Included in this Application in Volume 2 are the Direct Testimonies of Minnesota Power's witnesses. Volumes 1 and 3 contain the Company's interim and proposed general rate tariffs and Volume 3 contains Minnesota Power's Information Requirements. These volumes, along with Volume 4, Workpapers, represent Minnesota Power's supporting documentation and contain the information in support of the general rate increase requested in this proceeding and as required by Minn. R. 7825.3800 through Minn. R. 7825.4400.

Data are provided for the 2022 most recent fiscal year and the 2023 projected year. The proposed test year is the calendar year ending December 31, 2024. Minn. Rule 7825.3100, Subp. 10 defines "most recent fiscal year" as "the utility's prior fiscal year unless notice of a change in rates is filed with the [C]ommission within the last three months of the current fiscal year and at least nine months of historical data is available for presentation of current fiscal year financial information, in which case the most recent fiscal year is deemed to be the current year." As discussed in the Direct Testimony of Company witness Amanda L. Turner, ALLETE's 2023 Third Quarter financial results will be released in November of 2023, after the date of this filing. Therefore, 2022, the prior fiscal year, is the most recent fiscal year for which data is available as of the date of filing. Treatment of 2022 as the "most recent fiscal year" is consistent with both the

plain language of Minn. R. 7825.3100, Subp. 10, and Minnesota Power's most recent rate case filings in Docket Nos. E015/GR-21-335, E015/GR-19-442, E015/GR-16-664, and E015/GR-09-1151. In the event the Commission concludes the Company requires a variance to treat 2022 as its most recent fiscal year, Minnesota Power meets each of the requirements for the Commission to grant a variance under Minn. R. 7829.3200. In particular: (1) enforcement of the rule would impose an excessive burden upon the Company, as the necessary data for 2023 is not available as of the date of this filing; (2) granting the variance would not adversely affect the public interest because Minnesota Power has used this approach in the past and it has result in just and reasonable rates; and (3) granting a variance would not conflict with standards imposed by law.

F. Methods and Procedures for Refunding (Minn. R. 7825.3200(A)(5) and 7825.3300)

This Application is accompanied by an "Agreement and Undertaking" signed and verified by Patrick L. Cutshall, ALLETE Vice President & Corporate Treasurer, which commits Minnesota Power to make any refunds ordered by the Commission.

G. Notice to Municipalities and Counties (Minn. Stat. § 216B.16, subd. 1 and Minn. R. 7829.2400, Subp. 3)

Pursuant to Minn. Stat. § 216B.16, subd. 1, Minnesota Power proposes to mail the Proposed Notice to Counties and Municipalities included with the Application to all municipalities and counties in Minnesota Power's Minnesota electric service territory. This notice includes a discussion of the proposed interim rates, as well as information regarding the general electric rate case filing. Minnesota Power respectfully requests Commission approval of the notice so it may be mailed in a timely fashion.

H. Customer Notice (Minn. R. 7829.2400, Subp. 3)

Minnesota Power will send a rate change notice to retail customers as a bill insert that explains the proposed general rate increase. If Minnesota Power's requested retail electric rate increase is suspended, Minnesota Power will also explain the impact of its interim rates on customer bills in the same bill insert. Included in this Application is a proposed customer notice of rate increase. Minnesota Power will work with Commission Staff to revise the notice as necessary so that Minnesota Power may insert the notices in the first bill a customer receives containing changed rates.

Minnesota Power will also publish public notice of the rate change in the newspapers of general circulation in all county seats in Minnesota Power's electric service territory. Included in this Application is an example of Minnesota Power's proposed newspaper notice. Minnesota Power will work with Commission Staff to revise the notice as necessary for prompt Commission approval. Minnesota Power will publish the newspaper notice as directed by the Commission.

I. Filings Requiring Determination of Gross Revenue Requirement (Minn. R. 7829.2400)

Pursuant to Minn. R. 7829.2400, Minnesota Power submits the following information in addition to that required by Minn. R. 7825.3100–7825.4600.

1. Summary (Minn. R. 7829.2400, Subp. 1)

A summary of the Application is attached to this Notice.

2. Service; Proof of service (Minn. R. 7829.2400, Subp. 2)

Minnesota Power has served copies of the Application on the Minnesota Department of Commerce, Division of Energy Resources, and the Office of the Attorney General – Residential Utilities Division. Minnesota Power will serve a copy of the Summary of Filing on all parties on Minnesota Power’s general service list and on the parties to Minnesota Power’s last filed rate case proceeding (Docket No. E015/GR-21-335). A certificate of service is attached.

3. Notice to public and governing bodies (Minn. R. 7829.2400, Subp. 3)

See Sections G and H above.

4. Notice of Hearing (Minn. R. 7829.2400, Subp. 7)

Minnesota Power will notify customers of hearings held in connection with this Application as directed by the Commission. Minnesota Power will also publish notice of the hearings in newspapers of general circulation in all county seats in Minnesota Power’s electric service area, as directed by the Commission. *See also* Section H above.

J. Request for Protection of Non-Public Information

Minnesota Power recognizes and supports the need for transparency in the review of its Application. A limited number of schedules and workpapers in the Application include Non-Public Data according to Minn. Stat. § 13.37, subd. 1(b) and Minn. R. 7829.0500. Minnesota Power has taken reasonable efforts to maintain the secrecy of this Non-Public Data, which derives independent economic value, actual or potential, from not being generally known to—and not being readily ascertainable by proper means by—other persons who can obtain economic value from its disclosure or use.

Minnesota Power provides an index of non-public information contained in this filing with its Statement Regarding Justification for Excising Trade Secret Information in Volume 1 of the Application, which summarizes the documents and exhibits that have been designated as nonpublic and/or trade secret in part or in full and the justification for those designations. Minnesota Power is filing complete Public and Non-Public versions of the portions of this Application that contain trade secret or non-public information.

K. Service List

Pursuant to Minn. R. 7829.0700, Minnesota Power respectfully requests the following persons representing Minnesota Power be placed on the Commission’s official service list for this proceeding:

David R. Moeller
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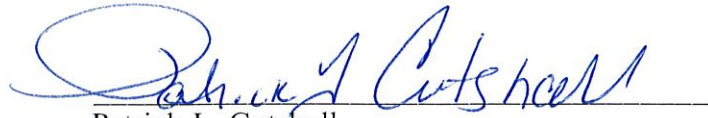
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L. Conclusion

Minnesota Power respectfully requests consideration and acceptance of its Application and the accompanying Notices to municipalities and counties, customers, and the public.

Dated: November 1, 2023

Respectfully submitted,



Patrick L. Cutshall
ALLETE Vice President & Corporate
Treasurer
30 West Superior Street
Duluth, MN 55802
218-722-2625

Subscribed to before me this 1st day
of November, 2023



Notary Public

