

E-015/M-90-116 GRANTING APPROVAL OF AMENDMENT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of the Petition of Minnesota Power for Approval of an Amendment to its Electric Service Agreement with Blandin Paper Company

ISSUE DATE: May 15, 1990

DOCKET NO. E-015/M-90-116

ORDER GRANTING APPROVAL OF AMENDMENT

PROCEDURAL HISTORY

On June 4, 1981, Blandin Paper Company (Blandin) entered into an electric service agreement with Minnesota Power (MP). On

June 13, 1989, the Commission approved an amendment to this agreement which allowed Blandin to increase its contract demand from 32.6 MW to 64.6 MW, effective November 1, 1989. ORDER GRANTING REQUEST FOR AUTHORITY, In the Matter of Minnesota Power and Light Company's Request for Authority to Amend its Electric Service Agreement with Blandin Paper Company, Docket No.

E-015/M-89-227. The effective date for the contract demand increase was extended to March 1, 1990 by ORDER GRANTING PETITION, In the Matter of a Petition by Minnesota Power to Delay a Previously Approved Increase in Blandin Paper Company's Contract Demand by Four Months, Docket No. E-015/M-89-956.

Blandin and MP also sought and obtained an amendment to their original agreement which allowed Blandin to purchase additional power and energy in excess of 120 percent of its contract demand during the June through October, 1989 testing and start-up period of Paper Machine No. 6. ORDER GRANTING PETITION, In the Matter of a Minnesota Power's Petition for Approval of an Amendment to the Electric Service Agreement between Minnesota Power and Blandin Paper Company, Docket No. E-015/M-89-366.

On February 26, 1990, Minnesota Power filed a petition requesting approval of two further amendments to its electric service agreements with Blandin. Blandin had requested another delay in the effective date of its increased contract demand, and also an extension of the additional power provision in the 366 docket.

Blandin's requests were due to delays in start-up and testing of Paper Machine No. 6.

On March 29, 1990, the Department of Public Service (the Department) filed comments recommending approval of MP's petition.

The matter came before the Commission on April 24, 1990.

FINDINGS AND CONCLUSIONS

The Commission finds that there are sound reasons for allowing the amendments requested in MP's petition. Minnesota Power has historically allowed flexibility in contract terms when a customer is engaged in start-up and testing of a new facility. Blandin's addition of Paper Machine No. 6 is a major operation, almost doubling its requested demand from MP. In a time of such profound change for Blandin, flexibility is especially important. The major expansion also renders delays in startup more understandable.

Allowing the requested amendments will not decrease Blandin's five-year minimum term at the higher contract demand level of 64.6 MW. Blandin will be bound by the same contractual terms, but they will commence at a later date than originally agreed upon.

While the Commission finds solid policy reasons for granting MP's petition, it also recognizes the need for stability in the utility field and the desirability of reliable contracts. The Commission has already granted a four-month extension to this agreement. While the Commission will allow this requested six-month extension, it wishes to put the parties on notice that no additional extensions will be considered absent a convincing showing of compelling circumstances.

ORDER

1. Minnesota Power's request for approval of an amendment to electric service agreement between Blandin Paper Company and Minnesota Power is hereby granted.
2. The Commission hereby puts the parties on notice that no further extensions to the terms of the above electric service agreement will be considered absent compelling circumstances.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)