

**PUBLIC UTILITIES COMMISSION
HIBBING, MINNESOTA**

Purchase Power Acquisition Adjustment:

The stipulated rates shall be subject to a Purchased Power Acquisition Adjustment (PPAA) whenever the preceding month's variable components purchased energy divided by the net energy available for sale (corrected for line losses) in the preceding month exceeds the average 2014 amounts for the variable components. The 2014 average for these components was approximately \$0.006/KWh.

The purpose of the PPAA is to recover the cost for purchased electric energy which exceeds the Base Cost per KWh sold as calculated with the costs and energy sales during 2014. Variable Purchased Power costs include the Midwest Area transmission charges, energy adjustments – Minnesota Power (MP) fuel costs, MP resale energy costs, and MP monthly true-ups. These amounts change month-to-month, thus cannot be forecasted to be included in the base electrical rates.

The amount of the PPAA per kilowatt-hour is applicable to all metered or estimated metered kilowatt-hours and is not subject to discount or minimum provisions of any rate schedule.

The PPAA will be reinstated January 1, 2016.

Effective date: October 15, 1978
First Revision: November 20, 1978
Seventh Revision: November 10, 2015
Eighth Revision: January 1, 2016
All Previous Revisions See Index