

Customer Contract for Minnesota Power Community Solar Garden Pilot Program

This Customer Contract is entered into January 1, 2018, by Minnesota Power (hereafter called "Company") and Minnesota Power customer City of Duluth with account number [see attached] (hereafter called "Community Solar Garden Subscriber" or "Subscriber"). Together, the Company and the Community Solar Garden Subscriber are the Parties.

RECITALS

The Community Solar Garden Subscriber will purchase a subscription to the energy from 420 1 (one) kilowatt ("kW") shares of the Company's community solar garden pilot program (hereafter called "CSG Pilot Program").

The Community Solar Garden Subscriber elects the following payment option:

- Option 1: a one-time, upfront payment of \$2,132.15/1 kW share of capacity
- Option 2: a monthly fee of \$15.62/1 kW share of capacity
- Option 3: a fixed charge of \$0.1115/kWh for energy produced by the subscribed capacity

Voluntary participation in the CSG Pilot Program is available for all retail customers subject to the costs associated with the Solar Energy Standard ("SES") under Minnesota Statute 216B.1691, Subd. 2f.

This Customer Contract is governed by the Minnesota Public Utilities Commission ("MPUC") and is subject to MPUC authority and all applicable service requirements. A customer may file a complaint arising under this agreement with the MPUC at <http://mn.gov/puc>, select For Consumers, File a Complaint, and follow the prompts.

DEFINITIONS

"Bill Credit" means the energy credit from the Company to the Community Solar Garden Subscriber's monthly bill for the energy produced by their subscription(s) to the CSG Pilot Program. Bill Credit will be in the form of a kilowatt hour (kWh) credit.

"CSG Pilot Program" shall mean solar generating assets whose combined energy production will be used to determine a bill credit applied to the Community Solar Garden Subscribers monthly bill.

"Date of Commercial Operation" shall mean the first day of the first full calendar month upon which commercial operation is achieved for all photovoltaic systems used in the CSG Pilot Program. If more than one PV system is used in the CSG Pilot Program, commercial operation will be based on the commercial operation of the final system.

"Minnesota Public Utilities Commission" or "MPUC" shall mean the state regulatory commission that regulates Minnesota Power under Minnesota Statutes Chapter 216B or any successor agency.

"Non-Exempt Customer" means a Minnesota Power customer that is subject to the costs associated with the Solar Energy Standard ("SES") under Minnesota Statute 216B.1691, Subd. 2f.

"Production Month" shall mean the full calendar month for which energy is produced by the PV System and delivered to the Company at the Production Meter. The energy generated during the Production Month will be credited to the Community Solar Garden Subscriber's next month's bill.

"Photovoltaic System" or "PV System" shall mean all PV system components, including but not limited to solar modules, inverters, balance of system and meters, contributing to the CSG Pilot Program.

“Production Meter” shall mean the meter which will record the energy generated by the PV system. The readings on the Production Meter showing energy generated by the PV System will be used to determine the bill credit and the Renewable Energy Credits (“REC”) generated by the PV System.

“Program Year” means the fiscal year of the CSG Pilot Program, or April 1 to March 31 of each year. “Service

“Territory” shall mean the assigned service area in which Minnesota Power is the electric utility authorized to provide electric service as defined under Minnesota Statutes 216B.37 through 216B.43.

“Share” means the energy generated by the PV system proportionate to a 1 kilowatt block of the CSG Pilot Program.

“Solar Renewable Energy Credits” or “SRECs” or “S-RECs” means the renewable energy attributes associated with the CSG Pilot Program. The Company will include in the Bill Credit calculation an adjustment for the SRECs at the market value in exchange for ownership of the SRECs produced by the PV Systems.

“Subscribed Energy” means electricity generated by the PV System attributable to the Subscribers’ Subscriptions and delivered to the Company at the Production Meter on or after the Date of Commercial Operation.

“Subscriber” means a retail customer of the Company who owns one or more subscriptions of the CSG Pilot Program and is not exempt from the Solar Energy Standard compliance costs.

“Subscription” means a contract between the Community Solar Garden Subscriber and the Company for energy produced by the PV System. Each subscription will consist of the energy produced by 1 kilowatt blocks of the PV System.

“Term of Contract” means the term of this contract which shall begin when this contract is signed by the Community Solar Garden Subscriber and the Company and shall end twenty five (25) years after the Date of Commercial Operation, unless otherwise agreed upon by the Parties.

AGREEMENTS

The Community Solar Garden Subscriber and the Company agree:

1. CSG Pilot Program Subscription

- 1.1. Subject to the terms and conditions set forth in this contract and the CSG Pilot Program tariff, the Company hereby grants to the Community Solar Garden Subscriber a subscription to the electric energy output proportionate to the above specified 1 kW shares.
- 1.2. The Community Solar Garden Subscriber elects the following payment option:
 - Option 1: a one-time, upfront payment of \$2,132.15/1 kW share of capacity
 - Option 2: a monthly fee of \$15.62/1 kW share of capacity.
 - Option 3: a fixed charge of \$0.1115/kWh for energy produced by the subscribed capacity
- 1.3. A single subscription may not be greater than 20 kW per service agreement.
- 1.4. There shall be a maximum allowance of shares that is equal to or less than 120% of the Subscriber’s average annual usage in the previous 12 months. The Company shall verify that the projected output from the subscribed energy of the CSG Pilot Program shall not exceed 120% of the Subscribers 12 month usage prior to the date of the Subscriber’s application to the CSG Pilot Program.
- 1.5. The Company will conduct annual verification checks of subscriptions to ensure subscriptions are sized appropriately to the Subscriber’s usage.

2. Eligibility/Participation Requirements

- 2.1. A Community Solar Garden Subscriber must be a Minnesota Power retail customer who is determined by the Company to be a Non-Exempt Customer.

- 2.2. Subscribers must be in good standing with the Company.
- 2.3. The Company will limit the participation from commercial customers to no more than fifty percent of the initial CSG Pilot Program offering.
- 2.4. The Company may limit eligible retail customers' participation to the maximum production of the PV System at the Company's discretion.

3. Subscription Calculation

- 3.1. The electric energy produced by the PV Systems will be measured by a Production Meter in kilowatt hours (kWh) for each Production Month. This total energy produced will then be divided the total available CSG Pilot Program shares to determine the Bill Credit for each 1 kW share. The total Bill Credit shall then be multiplied by the number of shares in the Subscription.
- 3.2. The Bill Credit will be applied to the Subscribers bill for the next month. The one month delay between the Production Month and the Bill Credit is necessary for administrative and billing reasons.
- 3.3. The Bill Credit calculation will include an adjustment for the market value of the Solar Renewable Energy Credits from the PV Systems. The market value adjustment for the CSG Pilot Program is \$0.002/kWh.

4. Billing

- 4.1. The Bill Credit for each Subscription will vary based on the payment option elected by the Subscriber at the onset of the CSG Pilot Program. The Bill Credits for each payment option are described below.
- 4.2. Option 1: Subscribers will receive a Bill Credit for the amount of solar generation produced from their subscribed capacity produced from their subscribed capacity.

Option 2: Subscribers who elect payment option 2 will also pay a monthly fixed charge of \$15.62 per 1 kW share.

Option 3: Subscribers will be charged a fixed fee of \$0.1115 per kWh of energy generated by their subscribed portion of the PV Systems.
- 4.3. All line items on the bill will be calculated using the net energy usage amount.
- 4.4. Subscribers will not receive any cash payments or monetary credits in the CSG Pilot Program.
- 4.5. The Community Solar Garden Subscriber acknowledges that by signing this agreement the timing of their Minnesota Power bill may be altered to accommodate accurate billing for the CSG Pilot Program.

5. Solar Renewable Energy Credits

- 5.1. The Subscriber acknowledges and agrees that any environmental attributes, including SRECs, associated with the CSG Pilot Program are transferred to the Company through the Bill Credit.
- 5.2. The Subscriber acknowledges that the Bill Credit includes an adjustment for the market value of the SRECs produced by the PV Systems that are used by the Company for state compliance purposes or other applicable requirements.

6. Solar Asset management

- 6.1. The Community Solar Garden Subscriber acknowledges and agrees that the Company and/or parties responsible for operations and maintenance of the CSG Pilot Program assets may, at its sole discretion, repair or replace any equipment as necessary without notice to the Subscriber of such change(s).

- 6.2. In the event of equipment damage resulting in the failure to produce energy, no Bill Credits will be made to the Subscriber for that portion of the energy output. The Company is held harmless for lost energy production due to operations and maintenance schedules, failures, or repairs. Subscribers choosing Option 3 will not be charged a fee in the event no solar energy is produced.
- 6.3. The Subscriber does not have any claim for ownership of any of the solar energy assets or resources in this contract.
- 6.4. The Subscriber does not assume any cost, responsibility or liability for the ongoing operations and maintenance of the solar energy systems.

7. Subscription Terms

- 7.1. The CSG Pilot Program will have a contract period of 25 years from the date of commercial operation.
- 7.2. If the Subscriber relocates to another premise within the Company's Service Territory, they will be able to continue the Subscription, as is, under the new premise subject to any applicable eligibility requirements.
- 7.3 will have the following options: transfer the Subscription to an eligible customer in the Company's service territory or relinquish the subscription to the Company. Transfer options are described in further detail in Section 8.
- 7.4. Either party may terminate this Contract if the other party breaches a material obligation under the Contract and fails to cure the breach within 30 days after receipt of notice of such breach from the non-breaching party.
- 7.5. Upon termination of this Contract by either party: (a) the Subscription will be null and void and of no further force and effect; (b) the Company shall be free to grant the Subscription to another eligible customer.

8. Subscription Transfer or Cancellation

- 8.1. The Subscriber may, at any time, request the transfer of the Subscription, in whole or in part, to another eligible customer, subject to all applicable eligibility requirements including customer usage.
- 8.2. In no event may the transfer of a Subscription be permitted to any individual or entity that is not a customer of the Company.
- 8.3. In order to execute a transfer of the Subscription, the Subscriber is required to provide written notice to the Company within a minimum of 30 days prior to the transfer effective date. The Subscriber should complete a Subscription Transfer Application and submit it to the Company for processing and approval.
- 8.4. In the case of a transfer from one Subscriber to an eligible customer, the Company will verify the eligibility of the customer assuming the Subscription. The Company reserves the right to modify or deny the Subscription to meet the requirements of the CSG Pilot Program.
- 8.5. If the Subscriber chooses to relinquish the Subscription to the Company, the details will vary based upon which payment option elected by the Subscriber at the onset of the CSG Pilot Program. The relinquishment details for each payment option are described below:

Option 1: The Company shall refund the Subscriber for a portion of the full subscription payment within 60 days after the date of such termination. The refund amount will be determined using a straight line depreciation schedule described in Appendix A of this contract.

Option 2: Subscribers may relinquish their Subscription to the Company at any time with no penalty.

Option 3: Subscribers may relinquish their Subscription to the Company at any time with no penalty.

- 8.6. Subscriptions that are relinquished back to the Company will be offered to qualified low income customers and organizations with first priority to participate in the remaining Subscription.
- 8.7. For cancelled subscriptions, the Company shall pay the Subscriber for the remaining kWh credit at the monthly average amount for the previous twelve months, plus any payment for S-RECs associated with the unused kWh credits.
- 8.8. In the case of death of a Subscriber, the Subscriber may bequeath the Subscription and upon receipt of transfer paperwork, the Company will transfer the Subscription appropriately on the condition it is transferred to an eligible customer.

IN WITNESS WHEREOF, the Parties have executed the agreement as follows:

COMMUNITY SOLAR GARDEN SUBSCRIBER

By: _____

Name: _____

Appendix A:

Minnesota Power Community Solar Program upfront payment depreciation table

| Year | Percent of Purchase Price | Year | Percent of Purchase Price |
|-------------|----------------------------------|-------------|----------------------------------|
| 1 | 96% | 14 | 44% |
| 2 | 92% | 15 | 40% |
| 3 | 88% | 16 | 36% |
| 4 | 84% | 17 | 32% |
| 5 | 80% | 18 | 28% |
| 6 | 76% | 19 | 24% |
| 7 | 72% | 20 | 20% |
| 8 | 68% | 21 | 16% |
| 9 | 64% | 22 | 12% |
| 10 | 60% | 23 | 8% |
| 11 | 56% | 24 | 4% |
| 12 | 52% | 25 | 0% |
| 13 | 48% | | |

City of Duluth Electrical Accounts for Community Solar Garden

| Service Agreement ID | Rate | Address | kW for 100% offset | Community Solar kW |
|----------------------|--------|--------------------------------|--------------------|--------------------|
| 4650239323 | MP-25 | Grand Ave & Central Ave | 1.33 | 1 |
| 5750261562 | MP-25 | 2504 E 4th St | 1.34 | 1 |
| 5750261607 | MP-25 | 1801 W Blvd Ped Crsg | 1.51 | 1 |
| 5425379582 | MP-25 | 103 Mount Royal Shopping Cir | 1.72 | 1 |
| 6800025362 | MP-25 | 2014 W Superior St | 2.15 | 2 |
| 5750261603 | MP-25 | 61st Ave E & London Rd | 2.48 | 2 |
| 4650239324 | MP-25 | 5600 Main St | 2.76 | 2 |
| 4650239341 | MP-25 | Cascade Park | 2.81 | 2 |
| 4650239344 | MP-25 | 11501 Highway 23 | 3.59 | 3 |
| 5750261573 | MP-25 | Canal Park #2 | 4.07 | 4 |
| 5759787762 | MP-25 | Leif Erickson Park | 4.16 | 4 |
| 4650239360 | MP-25 | 103 N 40th Ave W | 4.37 | 4 |
| 5750261578 | MP-25 | 3026 Minnesota Ave | 4.45 | 4 |
| 5750261601 | MP-25 | 106 N 54th Ave E | 4.63 | 4 |
| 5750261597 | MP-25 | 11th Ave E & 5Th St | 5.33 | 5 |
| 4650239340 | MP-25 | 404 W Superior St | 5.53 | 5 |
| 5750261570 | MP-25 | 4611 Mcculloch St Tl | 6.89 | 6 |
| 6800025383 | MP-25 | 3211 Allendale Ave | 7.44 | 7 |
| 5750261588 | MP-25 | Leif Erickson Park | 7.52 | 7 |
| 6800025334 | MP-25 | 3525 Riley Rd | 8.92 | 8 |
| 5750261564 | MP-25 | South Ridge & Glenwd | 9.39 | 9 |
| 4650239337 | MP-25 | 46th W Ave & Mike Colallilo Dr | 10.73 | 10 |
| 5750261559 | MP-25 | Wabasha St | 10.93 | 10 |
| 5750261613 | MP-25 | Enger Park Near Pce Bl | 13.54 | 13 |
| 5750261627 | MP-25 | 120 Lake Place Dr | 23.26 | 20 |
| 4650239342 | MP-25 | 105 N 40th Ave W | 39.84 | 20 |
| 4611208113 | MP-25 | Wade Stadium | 88.32 | 20 |
| 7710267295 | MP-25 | Bayfront Park | 132.07 | 20 |
| Total | | | | 195 |
| <hr/> | | | | |
| 5711358138 | MP-25D | 2405 Woodland - Zamboni bldg | 7.33 | 7 |
| 5750261604 | MP-25D | 35 Ave W & Jenswold | 7.81 | 7 |
| 5750261576 | MP-25D | Park Point Beach Hse | 8.64 | 8 |
| 4650239314 | MP-25D | 3419 Grand Ave | 13.22 | 13 |
| 4650239310 | MP-25D | Grand & 35 Ave W | 15.38 | 15 |
| 5750261554 | MP-25D | 2401 Woodland Ave | 15.41 | 15 |
| 5750261568 | MP-25D | 4611 Mcculloch St | 23.41 | 20 |
| 5750261610 | MP-25D | Chester Pk Fld Hse | 25.09 | 20 |
| 5750261563 | MP-25D | 1417 E 5th St | 29.02 | 20 |
| 5750261606 | MP-25D | 2627 W Superior St | 31.25 | 20 |
| 5750261557 | MP-25D | 425 W College St | 36.90 | 20 |
| 4650239306 | MP-25D | Aerial Lift Bridge | 160.38 | 20 |
| 5750261560 | MP-25D | Fryberger Arena | 60.53 | 20 |
| 5750261561 | MP-25D | Fryberger Arena | 177.41 | 20 |
| Total | | | | 225 |
| Grand Total | | | | 420 |



| Extras | | | | |
|------------|--------|------------------------|-------|----|
| 5750261605 | MP-25D | 25th Ave W & 5Th St | 5.63 | 5 |
| 5750261598 | MP-25D | 720 Kenwood Ave | 7.11 | 7 |
| 5750261574 | MP-25D | 405 S Lake Ave | 25.84 | 20 |
| 4650239335 | MP-25D | 1302 88th Ave W | 48.48 | 20 |
| 2390134500 | MP-25D | 4825 Mike Colalillo Dr | 89.60 | 20 |
| Total | | | | 72 |



**ADDENDUM TO CUSTOMER CONTRACT FOR
COMMUNITY SOLAR GARDEN PILOT PROGRAM
BETWEEN THE CITY OF DULUTH & MINNESOTA POWER**

THIS ADDENDUM to the standard Customer Contract for Minnesota Power Community Solar Garden Pilot Program (“Addendum”) is made as of this ____ day of _____, 2017 (the “Effective Date”) by and between the City of Duluth, a Minnesota municipal corporation (the “City”), and Minnesota Power, an operating division of ALLETE, Inc., a Minnesota corporation (“MP”) (collectively referred to hereinafter as “the Parties”).

WHEREAS, MP is a regulated public utility as defined in Minn. Stat. §§ 216B.02 and 216B.1691, as may be amended, providing electricity in a 26,000-square-mile electric service area in northeastern Minnesota to approximately 145,000 retail customers and to 16 municipal wholesale customers in Minnesota and Wisconsin; and

WHEREAS, by Orders dated July 27, 2016, and April 21, 2017, the Minnesota Public Utilities Commission (“MPUC”) approved MP’s inaugural Community Solar Garden (“CSG”) Pilot Program, including MP’s proposed “Customer Contract for Minnesota Power Community Solar Garden Pilot Program” (“CSG Customer Contract”), which, using a long-term-subscription pricing model, will sell customers 25-year subscriptions to 1,040 one-kW capacity blocks of solar-generated electricity; and

WHEREAS, MP will generate the electricity subject to the CSG Pilot Program via (1) a 40 kW solar array and facility owned and operated by MP in Duluth; and (2) a 1 MW solar array and facility located in Wrenshall, Minnesota, for which MP has entered into a 25-year power purchase agreement (“PPA”) with US Solar, LLC (collectively the “CSG Facilities”); and

WHEREAS, MP’s CSG Program offers customers three approved options and rates for purchasing solar power generated by the Program, including:

1. An upfront payment of \$2,132.15 for each 25-year, 1,040 kW block of capacity;
2. A fixed monthly subscription fee of \$15.62/month for each 1 kW block of capacity; or
3. A fixed \$0.1115/kWh energy charge; and

WHEREAS, the City wishes to purchase 420 blocks of solar-generated electricity under Option 1 above, i.e., an upfront payment of \$2,132.15 for each 25-year, 1,040 kW block of capacity, for a total upfront, one-time payment of \$895,503.00; and

WHEREAS, MP and the city agree that, in addition to the subscriber provisions in the CSG Customer Contract, MP agrees to the following provisions to ensure that the city receives the full financial and other benefits of its Option 1 payment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

ARTICLE I
Definitions

This Addendum incorporates, as if fully set forth herein, the definitions listed in the CSG Customer Contract.

ARTICLE II
MP Warranties

A. Continuous Subscription. Subject to the terms of its PPA with U.S. Solar, MP shall make best efforts to deliver to the city all subscribed energy purchased under the CSG Contract throughout the 25-year term of the CSG Contract, as may be amended pursuant to this Addendum.

B. Outage or Interruption. If there is an extended outage or interruption at CSG Facilities (defined as an unscheduled or forced outage or interruption of energy production continuing longer than one (1) week), MP shall make best efforts, subject to the terms of the PPA, to remedy the outage as soon as practicable and resume delivery to the city of all subscribed energy. In the interim, MP shall:

1. Continue delivering electricity to the city at the same rate, and in an amount equivalent to, the 420 - 1 kW shares of energy purchased by the city under Option 1 of the CSG Contract; or
2. For outages lasting longer than six (6) months, extend the term of its CSG Customer Contract & Addendum with the city for the length of time equal to the outage or interruption.

ARTICLE III
Relinquishment of Subscription; Mutual Cooperation

A. Relinquishment of Subscription. Pursuant to Section 8.5 of the CSG Contract, the city may relinquish its subscription at any time upon written notice to MP. Upon receipt of written notice, MP shall, within sixty (60) days, refund to the city a portion of its original, up-front, Option 1 payment pursuant to the depreciation table attached to the CSG Contract as “Appendix A.”

B. Mutual Cooperation. In addition to all rights and benefits available to the city under the CSG Contract and this Addendum, MP agrees to negotiate and cooperate with the city in good faith to identify solutions or additional agreements, as needed, to ensure that the city and its residents receive the full financial and other benefits of the city’s investment in the CSG Program throughout the 25-year term of the CSG Contract, subject to final approval from the MPUC as needed. The city acknowledges that any environmental attributes, including SRECs, associated with the CSG Contract or this Addendum will be owned by MP.

ARTICLE IV
Miscellaneous

A. Governing Law, Jurisdiction, and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota of the United States of America, exclusive of its choice of law provisions, and all questions concerning the meaning, intention or validity of the terms of this Agreement, as well as the performance of the parties hereto, shall be determined and resolved in accordance therewith. The Parties agree to submit to the exclusive jurisdiction of the State and Federal Courts sitting in St. Louis County, Minnesota, and waive any objections to such location based on jurisdiction, venue or inconvenient forum.

B. Construction of Agreement. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

C. Severability. If any provision of this Agreement is declared void, or otherwise unenforceable by a court or other tribunal of competent jurisdiction, such provision shall be deemed to severed from this Agreement to the limited extent required and this Agreement shall otherwise remain in full force and effect.

D. Entire Agreement and Amendment. This Agreement constitutes the entire understanding of the Parties with respect to the subject matter hereof. No modification, amendment or waiver may be made to the terms of this Agreement without the written consent of all Parties.

E. Counterparts. This Agreement may be executed in any number of counterparts and by each Party hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same Agreement.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date first written above.

CITY OF DULUTH, MINNESOTA

MINNESOTA POWER

By: _____
Mayor

By: _____

Printed Name: _____

ATTEST:

Title: _____

Dated: _____

City Clerk

Dated: _____

COUNTERSIGNED:

City Auditor

APPROVED AS TO FORM:

City Attorney