



Debbra A. Davey Supervisor, Accounting

April 12, 2013

VIA ELECTRONIC FILING

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of Minnesota Power's 2013 Remaining Life Depreciation Petition
Docket No. E015/D-13-_____

Dear Dr. Haar:

Minnesota Power hereby electronically submits its 2013 Remaining Life Depreciation Petition. An Affidavit of Service is also included.

Please contact me at 218-355-3714 if you have any questions regarding this filing.

Sincerely,

/s/ Debbra A. Davey

Debbra A. Davey

kl
c: Service List

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Minnesota Power's
2013 Remaining Life Depreciation
Petition

Docket No. E015/D-13-____
2013 REMAINING LIFE
DEPRECIATION PETITION

SUMMARY

Minnesota Power hereby petitions the Minnesota Public Utilities Commission (“Commission”) for approval of its 2013 Remaining Life Depreciation Petition (“Petition”). Minnesota Power is requesting that the remaining lives of all facilities be adjusted for one year’s passage of time and proposes changing the method of calculating estimated salvage rate changes in this Petition. The estimated salvage rate changes are based on the Department’s calculation method recommendation in its Response Comments to the 2012 Remaining Life Depreciation Petition (Docket No. E015/D-12-378) that the Company’s estimated salvage rate should be calculated on the gross estimated decommissioning costs adjusted for the estimated decommissioning probabilities divided by plant in service. The estimated salvage rate changes result in an estimated increase to 2013 annual depreciation expense of \$944,781.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Minnesota Power's
2013 Remaining Life Depreciation
Petition

Docket No. E015/D-13-
2013 REMAINING LIFE
DEPRECIATION PETITION

I. INTRODUCTION

Pursuant to Minn. Stat. §§ 216B.08 and 216B.11, and Minn. Rules 7825.0600 and 7825.0700, Minnesota Power hereby petitions the Minnesota Public Utilities Commission (“Commission”) for approval of its 2013 Remaining Life Depreciation Petition (“Petition”). This Petition establishes the 2013 remaining lives and salvage rates for all of Minnesota Power’s production plant assets, along with certain general plant accounts. The remaining lives and salvage rates will be used to determine depreciation expense for these assets effective January 1, 2013.

BASIS FOR PREPARING THIS PETITION

On October 5, 2009 Minnesota Power submitted its 2010 Integrated Resource Plan (“2010 Resource Plan”) for the 2010-2024 forecast period in Docket No. E015/RP-09-1088. The Commission approved the 2010 Integrated Resource Plan in an order dated May 6, 2011. Historically the regulatory precedent has been to compare remaining life depreciation petitions to the latest approved Integrated Resource Plan. This 2013 Remaining Life Depreciation Petition makes comparison to the 2010 Resource Plan, which is the latest approved plan. On March 1, 2013, Minnesota Power filed its 2013 Integrated Resource Plan (“2013 Resource Plan” or “2013 IRP”) which recommends the conversion of the Laskin Energy Center to natural gas, and the retirement of one of three units at Taconite Harbor Energy Center. Minnesota Power expects Commission action on the 2013 IRP by the end of 2013. The Commission’s decision on the 2013 IRP will be the basis for preparing the 2014 Remaining Life Depreciation Petition. Accordingly, this 2013 Remaining Life Depreciation Petition does not reflect the recommendations

proposed in the 2013 IRP. However, as described in Minnesota Power's 2013 IRP and its Appendix L: *Accounting for Proposed Retirements and Decommissioning Study Discussion*, the accounting for future plant asset retirements proposed in the 2013 IRP would not result in a change in current remaining lives of these facilities. Also see Appendix L in the 2013 IRP for information regarding Minnesota Power's current and future decommissioning study plans.

II. PROCEDURAL REQUIREMENTS

Pursuant to Minn. Rules 7825.3200, 7825.3500 and 7829.1300, subp. 3, Minnesota Power provides the following required information.

A. Name, Address and Telephone Number of Utility (Minn. Rules 7825.3500(A) and 7829.1300, subp. 3(A))

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

B. Name, Address and Telephone Number of Utility Attorney (Minn. Rules 7825.3500(A) and 7829.1300, subp. 3(B))

David R. Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723-3963
dmoeller@allete.com

C. Date of Filing and Date Proposed Rates Take Effect (Minn. Rules 7825.3500(B) and 7829.1300, subp. 3(C))

This Petition is being filed on April 15, 2013. Minnesota Power respectfully requests that the Commission approve the Petition, with depreciation rates to become effective as of January 1, 2013.

D. Statute Controlling Schedule for Processing the Filing (Minn. Rules 7829.1300, subp. 3(D))

This Petition is made in accordance with Minn. Stat. § 216B.11 and prior Commission orders. No statutorily imposed time frame for a Commission decision applies to this filing.

As required in the Order for Docket No. E-015/D-10-223 (In the Matter of the Petition of Minnesota Power for Approval of Depreciation Certification), Minnesota Power has conducted an external study for decommissioning and has submitted it as Appendix H of the 2013 IRP pursuant, to Minn. Stat. § 216B.2422.

E. Utility Employee Responsible for Filing (Minn. Rules 7825.3500(E) and 7829.1300, subp. 3(E))

Debbra A. Davey
Supervisor, Accounting
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 355-3714
ddavey@allete.com

F. Service List

Pursuant to Minn. Rules 7829.0700, Minnesota Power requests that the following persons be placed on the Commission's official service list for this matter:

David R. Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802
dmoeller@allete.com

Debbra A. Davey
Supervisor, Accounting
Minnesota Power
30 West Superior Street
Duluth, MN 55802
ddavey@allete.com

G. Service on Other Parties

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rules 7829.1300, subp. 2, Minnesota Power has eFiled this Petition with the Department of Commerce, Division of Energy Resources and served a copy on the Antitrust and Utilities Division of the Office of Attorney General. A summary of the filing prepared in accordance with Minn. Rules

7829.1300, subp. 1 is being served on all parties on Minnesota Power's general service list.

H. Summary of Filing

A one-paragraph summary accompanies this Petition pursuant to Minn. Rules 7829.1300, subp. 1.

III. REMAINING LIFE ADJUSTMENTS

Minnesota Power has reviewed its remaining lives and salvage value estimates for thermal, hydroelectric and wind production facilities. Minnesota Power has determined that all remaining lives of these facilities should be adjusted for one year's passage of time and proposes estimated salvage rate changes in this Petition. The estimated salvage rate changes are a result of Minnesota Power accepting the Department's calculation method recommendation in its Response Comments to the 2012 Remaining Life Depreciation Petition (Docket No. E015/D-12-378) that the Company's estimated salvage rate should be calculated on a method that includes the gross estimated decommissioning costs adjusted for the estimated decommissioning probabilities divided by plant in service.

Pursuant to the approval of Minnesota Power's 2010 Resource Plan on May 6, 2011, the Commission ordered Minnesota Power to file its next resource plan by March 1, 2013. Minnesota Power submitted its 2013 IRP on March 1, 2013. As this 2013 Resource Plan has not yet been approved, the recommendations in that plan are not reflected in this Petition.

The following schedule indicates the requested changes to the remaining lives due to one year's passage of time for the thermal, hydroelectric and wind facilities and the requested salvage rates:

	Proposed Remaining Life (Years)	<u>Salvage</u>
<u>Thermal Production Plants</u>		
Hibbard Renewable Energy Center	12.0	0
Laskin Energy Center	12.0	(10.87%)
Boswell Energy Center		
Unit 1	12.0	(1.82%)
Unit 2	12.0	(2.27%)
Unit 3	22.0	(4.19%)
Unit 4	23.0	(3.84%)
Common	17.0	(1.77%)
Taconite Harbor Energy Center	14.0	(3.60%)
Cloquet Energy Center	12.0	0
<u>Hydroelectric Production Plants</u>		
Prairie River HE Station	8.8	0
Thomson HE Station	19.1	0
Fond du Lac HE Station	17.7	0
Winton HE Station	23.3	0
Knife Falls HE Station	17.3	0
Scanlon HE Station	17.1	0
Little Falls HE Station	9.8	0
Blanchard HE Station	18.8	0
Sylvan HE Station	9.0	0
Pillager HE Station	12.8	0
Birch Lake Reservoir	23.3	0
Boulder Lake Reservoir	19.6	0
Fish Lake Reservoir	19.6	0
Island Lake Reservoir	19.6	0
Rice Lake Reservoir	19.6	0
Whiteface Reservoir	19.6	0
Gauging Stations	19.2	0
White Iron Lake Reservoir	23.3	0
<u>Other Production Plants</u>		
Taconite Ridge I Wind	30.0	0
Bison 1 Wind – Phase 1	32.0	0
Bison 1 Wind – Phase 2	33.0	0
Bison 2 Wind	34.0	0
Bison 3 Wind	34.0	0

Within the 2010 Resource Plan, Minnesota Power recognized that a key factor in the latter portion of the long-term plan period will be the aging of its generation fleet; however, there were no retirements of existing capacity anticipated during the 2010-2024 forecast period with this 2010 Resource Plan. A reconciliation of that statement to the proposed remaining lives is as follows:

Hydroelectric Production Facilities

All of Minnesota Power's hydroelectric facilities hold Federal Energy Regulatory Commission ("FERC") licenses and the facilities are being maintained in accordance with the terms of these licenses. The reservoirs, dams and gauging stations are expected to have a useful economic and operating life matching that of the hydro stations they support, which extends beyond the 2010-2024 resource planning period for all units with the exception of the Prairie River Hydro Station ("Prairie River") (current useful life until 2021) and the Sylvan and Little Falls Stations (current useful life until 2022). On December 27, 2008 fire caused extensive damage to Prairie River. Equipment that was not salvageable was retired in 2009. Minnesota Power is reconstructing Prairie River and it is anticipated that this reconstruction will be completed by mid-2013.

Wind Production Facilities

Taconite Ridge I Wind Energy Center, a 25 MW wind production facility, was placed in service on June 30, 2008. All production assets of the wind facility are expected to operate beyond 2024, with an estimated remaining life through 2043.

In March 2009, Minnesota Power filed a petition for approval of investments and expenditures in the Bison 1 Wind Project (Docket No. E015/M-09-285). Minnesota Power received Commission approval on July 7, 2009. Minnesota Power developed this 81.8 MW project as an integral part of the Company's Renewable Plan for obtaining 25 percent of its electricity for its retail customers from renewable energy sources by the year 2025. Minn. Stat. § 216B.1691. The Project was constructed in two phases. Phase 1 has 16 turbines (36.8 MW of wind energy generation), the generator outlet line, operating and maintenance facilities, collector substation and interconnections to the Square Butte substation. On December 8, 2010, all 16 wind turbines that comprise Phase 1 were

placed in commercial operation. On December 31, 2011, seven of the fifteen Phase 2 wind turbines were placed in commercial operation; with the remaining eight placed in commercial operation on January 31, 2012. As approved for Minnesota Power's Taconite Ridge I Wind assets and Bison 1 Wind Phase 1 assets, Minnesota Power is continuing to propose the wind production assets for Bison 1 Wind Phase 2 be depreciated over a 35 year period upon being placed in service. All production assets of the Bison 1 Wind facilities are expected to operate beyond 2024, with estimated remaining lives through 2045 and 2046 for Phase 1 and Phase 2, respectively.

In March 2011, Minnesota Power filed a petition for approval of investments and expenditures in the Bison 2 Wind Project (Docket No. E015/M-11-234). Minnesota Power received Commission approval on September 8, 2011. Minnesota Power developed this 105 MW project as an integral part of the Company's Renewable Plan for obtaining 25 percent of its electricity for its retail customers from renewable energy sources by the year 2025. Minn. Stat. § 216B.1691. The project consists of 35 turbines (105 MW of wind energy generation), meteorological tower, access roads, collector system, and collector substation, which were placed in commercial operation December 18, 2012. As approved for Minnesota Power's Taconite Ridge I Wind assets and Bison 1 Wind Phase 1 and 2 assets, Minnesota Power is similarly proposing the wind production assets for Bison 2 Wind be depreciated over a 35 year period upon being placed in service. All production assets of the Bison 2 Wind facilities are expected to operate beyond 2024, with estimated remaining lives through 2047.

In June 2011, Minnesota Power filed a petition for approval of investments and expenditures in the Bison 3 Wind Project (Docket No. E015/M-11-626). Minnesota Power received Commission approval on November 2, 2011. Minnesota Power developed this 105 MW project as an integral part of the Company's Renewable Plan for obtaining 25 percent of its electricity for its retail customers from renewable energy sources by the year 2025. Minn. Stat. § 216B.1691. The project consists of 35 turbines (105 MW of wind energy generation), meteorological tower, access roads, collector system, and collector substation which were placed in commercial operation December 18, 2012. As approved for Minnesota Power's Taconite Ridge I Wind assets and Bison 1

Wind Phase 1 and 2 assets, Minnesota Power is similarly proposing the wind production assets for Bison 3 Wind be depreciated over a 35 year period upon being placed in service. All production assets of the Bison 3 Wind facilities are expected to operate beyond 2024, with estimated remaining lives through 2047.

Current engineering estimates are uncertain as to a decommissioning timeframe and salvage value of the wind production assets. Minnesota Power does anticipate decommissioning of the sites; however, an active salvage market for recycled components may offset some or all of the costs of doing so. Therefore, at this time, Minnesota Power does not propose a net salvage value be included in the depreciation rates. Decommissioning costs will be updated in the next 5-year depreciation study (expected to be included as part of the 2014 Remaining Life Depreciation Petition) using current market and cost information in order to re-evaluate the need for a net salvage component.

Regulated Thermal Production Facilities

Minnesota Power’s thermal units also have remaining lives extending through the resource planning period or beyond. Minnesota Power recognizes that a key factor in resource planning will be carbon and environmental legislation/regulation and its impact on its generation fleet; however, there are no retirements of existing capacity with the 2010 Resource Plan approved by the Commission. The table below summarizes the differences between the proposed remaining lives of its facilities and the end of the 2010 Resource Plan planning period:

<u>Thermal Production Plant</u>	<u>Proposed Remaining Life</u>	<u>2010 Resource Plan</u>
Hibbard Renewable Energy Center	2024	2024
Laskin Energy Center	2024	2024
Boswell Energy Center Unit 1	2024	2024

<u>Thermal Production Plant</u>	<u>Proposed Remaining Life</u>	<u>2010 Resource Plan</u>
Boswell Energy Center		
Unit 2	2024	2024
Unit 3	2034	2024
Unit 4	2035	2024
Common	2030	2024
Taconite Harbor Energy Center	2026	2024
Cloquet Energy Center	2024	2024

Hibbard Renewable Energy Center (“HREC”) Units 3 and 4, located at the M. L. Hibbard Facility, operate as peaking resources and have been providing a portion of Minnesota Power’s spinning reserves since 2004. Steam that drives HREC Units 3 and 4 turbine generators had been provided by the City of Duluth’s Steam District #2, which also provides large quantities of steam to the adjacent NewPage paper mill. In 2008 Minnesota Power came to agreement with the City of Duluth and NewPage to purchase the steam production assets, HREC Units 3 and 4 boilers and related facilities, from the City and supply steam to NewPage under a long term contract. On September 22, 2009, the Commission issued an Order approving the purchase (Docket No. E015/PA-08-928). The assets were transferred to Minnesota Power on September 30, 2009. As stated in the 2010 Resource Plan, the operational life of Units 3 and 4 is projected to extend through 2024.

Laskin Energy Center (“Laskin”) Units 1 and 2 are sister boilers – similar in design and intended operation. Both units provide base load and peaking energy. Laskin is treated as one unit and has one remaining life for purposes of computing annual depreciation accruals. Ongoing reinvestment has maintained the units in good overall condition. Based on current and planned duty cycle preservation efforts, the operational life of Laskin Units 1 and 2 is projected to extend through 2024. See Minnesota Power’s 2013 IRP and its Appendix L: *Accounting for Proposed Retirements and Decommissioning Study Discussion*.

Boswell Energy Center Units 1 and 2 are sister boilers – similar in design and intended operation. Both units provide base load energy and limited ancillary services. Based on current and planned duty cycle preservation efforts, the operational life of Boswell Units 1 and 2 is projected to extend through 2024. The units operate with emission control equipment including low NO_x burners and bag houses to control particulates and mercury emissions. Minnesota Power has installed additional NO_x emission reduction control systems including Rotating Opposed Fired Air and selective non-catalytic reduction at Boswell Units 1 and 2. Additional environmental investments are under consideration for Boswell Units 1 and 2 with implementation post-2015. The nature and timing of any future environmental investments has yet to be determined pending resolution of new environmental regulations and associated system requirements.

Boswell Energy Center Unit 3 provides base load energy operating at a high load factor. On October 27, 2006, Minnesota Power submitted its Boswell 3 Environmental Improvement Plan (“Boswell 3 Plan”) which addresses the Mercury Emissions Reduction Act of 2006 as well as new state and federal emission control regulations and is one of Minnesota Power’s steps toward meeting overall system requirements for mercury reductions, regional haze and interstate air quality (Docket No. E-015/M-06-1501). Under the Boswell 3 Plan, Minnesota Power installed the most mature, commercially available technology to significantly reduce emissions of mercury and well-established control technologies that have the ability to meet Best Available Control Technology performance standards to significantly reduce NO_x, SO₂ and PM. Minnesota Power began on-site construction for the Boswell 3 Plan in spring 2007 and placed the retrofit in-service in November 2009. The current economic life of 2034 extends well beyond the 2024 date in the 2010 Resource Plan.

Boswell Energy Center Unit 4 provides base load energy operating at a high load factor and is jointly owned by Minnesota Power (80 percent) and WPPI Energy (20 percent). The unit operates with NO_x emission reduction control systems including low NO_x burners and selective non-catalytic reduction, along with a high efficiency turbine rotor. Additional emission reduction options were studied in consideration of the Minnesota Mercury Reduction Act and additional federal regulatory standards that may

apply. These options for Boswell Unit 4 were provided to the Commission on June 30, 2011 in a report required under Minn. Stat. § 216B.6851, subd. 5 (Docket No. E015/M-11-712). On August 31, 2012, Minnesota Power filed with the Minnesota Public Utilities Commission and Minnesota Pollution Control Agency its mercury emission reduction plan filing for Boswell Energy Center Unit 4 (“BEC4”) in compliance with Minn. Stat. § 216B.6851. Minnesota Power plans to execute an environmental retrofit project on BEC4 as a multi-pollutant solution for reducing mercury, particulate matter, sulfur dioxide, and other hazardous air pollutants being addressed by United States Environmental Protection Agency (“EPA”) regulations while also reducing plant wastewater. Minnesota Power plans to install a semi-dry flue gas desulfurization system, fabric filter and powder activated carbon injection system to help achieve compliance with the Minnesota Mercury Emission Reduction Act (“MERA”), the EPA Mercury and Air Toxics Rule, and other enacted or pending federal and state environmental rulemakings regulating air and water emissions and solid byproducts from coal-fired power plants. Through multi-pollutant control technology, Minnesota Power will cost-effectively achieve the mercury emission reduction required by MERA while ensuring compliance with other regulatory programs over the long term. Current operation and maintenance practices will continue with performance of routine maintenance inspections and actions implemented as needed. The current economic life of 2035 extends beyond the 2024 date in the 2010 Resource Plan.

Taconite Harbor consists of three units of similar size and unit configuration. Significant reinvestment was made as the units were restarted in 2002 after Minnesota Power acquired the facility in 2001. Taconite Harbor is treated as one unit and has one remaining life for purposes of computing annual depreciation accruals. The Taconite Harbor units received significant investment in the period 2006 to 2008 as part of Minnesota Power’s AREA initiative. Two of the three units were fitted with Mobotec multi-emission control technology designed to reduce NO_x, SO₂ and mercury emissions and electrostatic precipitator upgrades to reduce particulate emissions. Ongoing reinvestment continues to maintain them in overall good condition. Current operation and maintenance practices will continue with performance of routine maintenance inspections and actions implemented as needed. The current economic life of these units

is estimated to extend to 2026 which is beyond the 2024 date in the 2010 Resource Plan. See Minnesota Power's 2013 IRP and its Appendix L: *Accounting for Proposed Retirements and Decommissioning Study Discussion*.

In 2000, Minnesota Power acquired an ownership interest in Sappi/Cloquet Generator No. 5 ("S/C5") at Sappi's Cloquet paper mill as a non-regulated asset. See In the Matter of a Request by Minnesota Power, Inc. for a Personal Property Tax Exemption Finding, Docket No. E-015/M-00-572. Under the parties' agreement, Minnesota Power has an ownership interest in S/C5 for a period of 15 years, through May 2016, at which time Sappi may choose at its own discretion to purchase the generator from Minnesota Power for \$1. As part of Minnesota Power's prior general rate case (Docket No. E015/GR-08-415), the Department of Commerce, Division of Energy Resources [formerly the Office of Energy Security ("OES")] recommended that S/C5 be included in Minnesota Power's rate base. The Administrative Law Judge ("ALJ") agreed with OES's recommendation to include S/C5 in Minnesota Power's rate base. See ALJ Finding Paragraph 272. In its May 4, 2009 Order, the Commission adopted the ALJ's finding and S/C5 is now a regulated asset. S/C5 is expected to operate in its current mode through 2024 and beyond.

Minnesota Power will continue to address the reconciliation between remaining lives and the latest approved Integrated Resource Plan (currently the 2010 Resource Plan) in a reasonable and timely manner. Minnesota Power received approval of its 2010 Resource Plan in an order dated May 6, 2011. As these reconciliation issues are addressed, Minnesota Power will review its remaining lives, making any adjustment based on the factors known at that time. See Minnesota Power's 2013 IRP and its Appendix L: *Accounting for Proposed Retirements and Decommissioning Study Discussion*.

Minnesota Power has also reviewed its remaining lives and salvage value estimates for certain general plant accounts. These accounts include Account 3900-Structures and Improvements and Account 3928-Transportation Equipment/Fixed-Wing Aircraft.

Minnesota Power recommends no changes except for the passage of one year's time for Accounts 3900 and 3928.

<u>Acct. No.</u>	<u>Class of Utility Plant</u>	<u>Remaining Life (Years)</u>	<u>Net Salvage</u>
3900	Structures & Improvements	25.0	0%
3928	Transportation Equipment Fixed-Wing Aircraft	5.0	75%

Enclosed please find depreciation schedules as required by Commission filing requirements, Minn. Rules 7825.0700, subp. 1: Plant in Service, Analysis of Depreciation Reserve, and Summary of Annual Depreciation Accruals.

IV. FUTURE ADDITIONS OR RETIREMENTS AFFECTING CURRENT CERTIFICATION

Subpart B of this section requires a list of any major future additions or retirements to the plant accounts that the utility believes may have a material effect on the current certification results. Minnesota Power does not have any major future additions or retirements to plant accounts that would materially impact the 2013 depreciation accruals. See Minnesota Power's 2013 IRP, Appendix L: *Accounting for Proposed Retirements and Decommissioning Study Discussion* for the planned accounting for the assets that may be retired if the recommendations of the 2013 IRP are approved.

V. CONCLUSION

Minnesota Power respectfully requests that the Commission approve the 2013 Remaining Life Depreciation Petition. Minnesota Power's requests that the remaining lives of all facilities be adjusted for one year's passage of time and proposes changing the method of calculating estimated salvage rate changes in this Petition. The estimated salvage rate changes are based on the Department's calculation method recommendation in its Response Comments (Docket No. E015/D-12-378) that the Company's calculation of the estimated salvage rate should change so that the estimated salvage rate is calculated on the gross estimated decommissioning costs adjusted for the estimated decommissioning probabilities divided by plant in service. The estimated salvage rate changes result in an estimated increase to 2013 annual depreciation expense of \$944,781.

Date: April 12, 2013

Respectfully submitted,

/s/ Debra A. Davey

Debra A. Davey
Supervisor, Accounting
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 355-3714
ddavey@allete.com

**MINNESOTA POWER
PRODUCTION PLANT
COMPARISON OF PRESENT AND PROPOSED REMAINING LIVES
2013**

	Depreciable Plant Balance 12/31/12	Depreciation Reserve 12/31/12	Present Rates			Proposed Rates			Effect of Rate Changes to 2013 Accrual
			Remaining Life (01/01/13)	Salvage Value (01/01/13)	2013 Annual Accrual	Remaining Life (01/01/13)	Salvage Value (01/01/13)	2013 Annual Accrual	
Steam Generation									
<u>Hibbard SE Station:</u>	85,991,724	54,785,722	12.0	0.00%	2,600,500	12.0	0.00%	2,600,500	0
<u>Laskin Energy Center</u>	78,897,626	49,835,819	12.0	-4.44%	2,713,738	12.0	-10.87%	3,136,498	422,760
<u>Boswell Energy Center:</u>	1,058,952,179	389,150,481			33,970,855			34,477,658	506,803
Unit No. 1	45,632,633	21,791,308	12.0	-1.41%	2,040,395	12.0	-1.82%	2,055,987	15,592
Unit No. 2	35,288,124	21,623,826	12.0	-1.05%	1,169,569	12.0	-2.27%	1,205,445	35,876
Unit No. 3	449,977,387	106,678,373	22.0	-3.19%	16,256,968	22.0	-4.19%	16,461,503	204,535
Unit No. 4	352,488,077	155,919,299	23.0	-2.81%	8,977,117	23.0	-3.84%	9,134,970	157,853
Common	175,565,958	83,137,675	17.0	-0.87%	5,526,806	17.0	-1.77%	5,619,753	92,947
<u>Taconite Harbor Energy Center</u>	147,580,116	42,855,140			8,340,953			8,356,171	15,218
Structure/Unit	142,587,224	38,840,591	14.0	-3.48%	7,764,905	14.0	-3.60%	7,777,127	12,222
Ash Ponds*	4,992,892	4,014,549	2.0	-3.48%	576,048	2.0	-3.60%	579,044	2,996
<u>Cloquet Energy Center</u>	8,344,314	5,033,770	12.0	0.00%	275,879	12.0	0.00%	275,879	0
Total Steam Generation	1,379,765,959	541,660,932			47,901,925			48,846,706	944,781
Wind Generation									
Bison 1A	73,886,471	3,158,087	32.0	0.00%	2,210,262	32.0	0.00%	2,210,262	0
Bison 1B	75,948,263	3,838,292	33.0	0.00%	2,185,151	33.0	0.00%	2,185,151	0
Bison 2	154,144,123	183,497	34.0	0.00%	4,528,254	34.0	0.00%	4,528,254	0
Bison 3	145,678,396	173,015	34.0	0.00%	4,279,570	34.0	0.00%	4,279,570	0
Subtotal Bison	449,657,253	7,352,891			13,203,237			13,203,237	
Taconite Ridge I Energy Center	47,237,872	6,059,405	30.0	0.00%	1,372,616	30.0	0.00%	1,372,616	0
Total Wind Generation	496,895,125	13,412,296			14,575,853			14,575,853	0
Total Generation	1,876,661,084	555,073,228			62,477,778			63,422,559	944,781

The ash ponds have a 5 year life, as they are built and filled in on a 5-year cycle.

* New Ash Ponds with 5 year life added in 2010

**Minnesota Power
Plant in Service - 2012
Steam Production**

Facility	Plant Account	Beginning Balance	Current Additions	Current Retirements	Current Transfer/Adjustments	Ending Balance	
Boswel Energy Center Common	3100 Land & Land Rights, Fee	4,295,713.93	-	-	-	4,295,713.93	
	3110 Structures & Improv	20,140,656.30	587,271.18	(15,826.16)	-	20,712,101.32	
	3111 Structures & Improv, Pollution	14,276,446.24	2,273,213.87	-	-	16,549,660.11	
	3120 Boiler Plant Equip	50,155,676.67	2,477,351.59	(262,164.93)	-	52,370,863.33	
	3121 Boiler Plant Equip, Pollution	69,373,072.36	34,841.34	(35,145.57)	-	69,372,768.13	
	3140 Turbogenerator Units	1,057,687.06	-	-	-	1,057,687.06	
	3141 Turbogenerator Units, Pollution	67,393.37	-	-	-	67,393.37	
	3150 Accessory Elec Equip	8,687,172.99	-	-	-	8,687,172.99	
	3151 Accessory Elec Equip, Pollution	2,301,997.61	-	-	-	2,301,997.61	
	3160 Misc Power Plt Eq	4,289,395.10	156,785.42	-	-	4,446,180.52	
	3161 Misc Power Plt Eq, Pollution	133.76	-	-	-	133.76	
	Total		174,645,345.39	5,529,463.40	(313,136.66)	-	179,861,672.13
Boswell Energy Center Unit 1	3100 Land & Land Rights, Fee	59,858.35	-	-	-	59,858.35	
	3110 Structures & Improv	2,811,970.98	-	-	-	2,811,970.98	
	3111 Structures & Improv, Pollution	31,336.53	-	-	-	31,336.53	
	3120 Boiler Plant Equip	13,332,919.03	-	-	-	13,332,919.03	
	3121 Boiler Plant Equip, Pollution	12,837,337.34	-	-	-	12,837,337.34	
	3140 Turbogenerator Units	8,700,977.78	-	(16,965.58)	-	8,684,012.20	
	3141 Turbogenerator Units, Pollution	215,707.27	-	-	-	215,707.27	
	3150 Accessory Elec Equip	7,484,995.07	(2,412.51)	-	-	7,482,582.56	
	3151 Accessory Elec Equip, Pollution	236,766.85	-	-	-	236,766.85	
	3160 Misc Power Plt Eq	-	-	-	-	-	
	Total		45,711,869.20	(2,412.51)	(16,965.58)	-	45,692,491.11
	Boswell Energy Center Unit 2	3100 Land & Land Rights, Fee	59,687.82	-	-	-	59,687.82
3110 Structures & Improv		1,498,496.98	-	-	-	1,498,496.98	
3111 Structures & Improv, Pollution		1,039.83	-	-	-	1,039.83	
3120 Boiler Plant Equip		12,594,234.64	-	-	-	12,594,234.64	
3121 Boiler Plant Equip, Pollution		8,940,521.42	-	-	-	8,940,521.42	
3140 Turbogenerator Units		8,901,899.28	-	-	-	8,901,899.28	
3141 Turbogenerator Units, Pollution		53,247.44	-	-	-	53,247.44	
3150 Accessory Elec Equip		3,298,684.42	-	-	-	3,298,684.42	
3160 Misc Power Plt Eq		-	-	-	-	-	
Total			35,347,811.83	-	-	-	35,347,811.83

**Minnesota Power
Plant in Service - 2012
Steam Production**

Facility	Plant Account	Beginning Balance	Current Additions	Current Retirements	Current Transfer/Adjustments	Ending Balance
Boswell Energy Center Unit 3	3100 Land & Land Rights, Fee	3,102,317.07	2,306.46	-	-	3,104,623.53
	3110 Structures & Improv	20,663,656.87	693,850.44	(135,159.37)	-	21,222,347.94
	3111 Structures & Improv, Pollution	19,558,786.06	-	-	-	19,558,786.06
	3120 Boiler Plant Equip	82,870,625.68	1,763,216.85	(91,000.00)	-	84,542,842.53
	3121 Boiler Plant Equip, Pollution	245,364,002.88	1,296,650.57	(321,532.97)	-	246,339,120.48
	3140 Turbogenerator Units	34,273,556.15	-	-	-	34,273,556.15
	3141 Turbogenerator Units, Pollution	5,238,203.92	-	-	-	5,238,203.92
	3150 Accessory Elec Equip	35,467,083.68	37,663.25	-	-	35,504,746.93
	3151 Accessory Elec Equip, Pollution	2,722,017.86	-	-	-	2,722,017.86
	3160 Misc Power Plt Eq	208,473.35	367,292.09	-	-	575,765.44
Total		449,468,723.52	4,160,979.66	(547,692.34)	-	453,082,010.84
Boswell Energy Center Unit 4	3100 Land & Land Rights, Fee	355,534.09	-	-	-	355,534.09
	3110 Structures & Improv	28,198,206.88	169,228.83	-	-	28,367,435.71
	3111 Structures & Improv, Pollution	15,082,516.58	-	-	-	15,082,516.58
	3120 Boiler Plant Equip	112,611,000.23	2,119,876.43	(139,175.71)	-	114,591,700.95
	3121 Boiler Plant Equip, Pollution	78,245,093.50	687,049.73	-	-	78,932,143.23
	3140 Turbogenerator Units	56,168,945.31	606,644.71	-	-	56,775,590.02
	3141 Turbogenerator Units, Pollution	12,097,104.62	54,368.18	(15,176.18)	-	12,136,296.62
	3150 Accessory Elec Equip	28,088,391.38	468,907.35	-	-	28,557,298.73
	3151 Accessory Elec Equip, Pollution	16,690,357.20	-	-	-	16,690,357.20
	3160 Misc Power Plt Eq	849,408.53	76,223.75	-	-	925,632.28
3161 Misc Power Plt Eq, Pollution	429,105.31	-	-	-	429,105.31	
Total		348,815,663.63	4,182,298.98	(154,351.89)	-	352,843,610.72
Cloquet Energy Center	3110 Structures & Improv	1,112,885.18	-	-	-	1,112,885.18
	3120 Boiler Plant Equip	1,401,448.87	-	-	-	1,401,448.87
	3140 Turbogenerator Units	4,452,728.61	765,829.55	-	-	5,218,558.16
	3141 Turbogenerator Units, Pollution	72,348.34	-	-	-	72,348.34
	3150 Accessory Elec Equip	539,073.80	-	-	-	539,073.80
Total		7,578,484.80	765,829.55	-	-	8,344,314.35

**Minnesota Power
Plant in Service - 2012
Steam Production**

Facility	Plant Account	Beginning Balance	Current Additions	Current Retirements	Current Transfer/Adjustments	Ending Balance
Hibbard EC 100% HEC - Loc 101	3100 Land & Land Rights, Fee	30,716.52	-	-	-	30,716.52
	3110 Structures & Improv	4,313,481.37	86,436.66	(31,600.00)	-	4,368,318.03
	3111 Structures & Improv, Pollution	-	-	-	-	-
	3120 Boiler Plant Equip	47,505,781.33	6,209,161.08	(15,000.00)	-	53,699,942.41
	3121 Boiler Plant Equip, Pollution	11,553,438.62	581,296.63	(31,000.00)	-	12,103,735.25
	3140 Turbogenerator Units	6,184,571.02	4,560,018.69	-	-	10,744,589.71
	3150 Accessory Elec Equip	4,391,926.35	(21,872.20)	-	-	4,370,054.15
	3160 Misc Power Plt Eq	705,084.51	-	-	-	705,084.51
	Total		74,684,999.72	11,415,040.86	(77,600.00)	-
LASKIN ENERGY CENTER	3100 Land & Land Rights, Fee	253,164.48	-	-	-	253,164.48
	3110 Structures & Improv	5,850,278.71	66,915.10	-	-	5,917,193.81
	3111 Structures & Improv, Pollution	4,734,811.21	-	-	-	4,734,811.21
	3120 Boiler Plant Equip	23,472,177.66	760,909.14	(355,850.07)	-	23,877,236.73
	3121 Boiler Plant Equip, Pollution	24,951,678.75	358,691.12	(12,000.00)	-	25,298,369.87
	3140 Turbogenerator Units	12,915,498.08	(722,811.65)	(1,186,862.31)	-	11,005,824.12
	3141 Turbogenerator Units, Pollution	655,211.79	99,386.38	-	-	754,598.17
	3150 Accessory Elec Equip	5,249,850.42	-	-	-	5,249,850.42
	3151 Accessory Elec Equip, Pollution	628,544.24	-	-	-	628,544.24
	3160 Misc Power Plt Eq	1,215,153.73	198,008.82	-	-	1,413,162.55
	3161 Misc Power Plt Eq, Pollution	18,035.02	-	-	-	18,035.02
	Total		79,944,404.09	761,098.91	(1,554,712.38)	-
Taconite Harbor Energy Center	3100 Land & Land Rights, Fee	143,350.45	-	-	-	143,350.45
	3110 Structures & Improv	10,100,837.07	99,862.17	-	-	10,200,699.24
	3111 Structures & Improv, Pollution	5,332,466.79	-	-	-	5,332,466.79
	3120 Boiler Plant Equip	35,884,161.53	428,006.50	-	-	36,312,168.03
	3121 Boiler Plant Equip, Pollution	62,256,017.41	15,533.12	-	-	62,271,550.53
	3140 Turbogenerator Units	11,492,421.38	111,413.23	-	-	11,603,834.61
	3141 Turbogenerator Units, Pollution	552,793.99	-	-	-	552,793.99
	3150 Accessory Elec Equip	12,151,542.67	1,850,882.00	-	-	14,002,424.67
	3151 Accessory Elec Equip, Pollution	6,234,191.44	-	-	-	6,234,191.44
	3160 Misc Power Plt Eq	1,040,293.10	29,693.46	-	-	1,069,986.56
Total		145,188,075.83	2,535,390.48	-	-	147,723,466.31
Grand Total		1,361,385,378.01	29,347,689.33	(2,664,458.85)	-	1,388,068,608.49

**Minnesota Power
Plant in Service - 2012
Steam Production**

Facility	Plant Account	Beginning Balance	Current Additions	Current Retirements	Current Transfer/Adjustments	Ending Balance
Summary all Steam Plants	3100 Land & Land Rights, Fee	8,300,342.71	2,306.46	-	-	8,302,649.17
	3110 Structures & Improv	94,690,470.34	1,703,564.38	(182,585.53)	-	96,211,449.19
	3111 Structures & Improv, Pollution	59,017,403.24	2,273,213.87	-	-	61,290,617.11
	3120 Boiler Plant Equip	379,828,025.64	13,758,521.59	(863,190.71)	-	392,723,356.52
	3121 Boiler Plant Equip, Pollution	513,521,162.28	2,974,062.51	(399,678.54)	-	516,095,546.25
	3140 Turbogenerator Units	144,148,284.67	5,321,094.53	(1,203,827.89)	-	148,265,551.31
	3141 Turbogenerator Units, Pollution	18,952,010.74	153,754.56	(15,176.18)	-	19,090,589.12
	3150 Accessory Elec Equip	105,358,720.78	2,333,167.89	-	-	107,691,888.67
	3151 Accessory Elec Equip, Pollution	28,813,875.20	-	-	-	28,813,875.20
	3160 Misc Power Plt Eq	8,307,808.32	828,003.54	-	-	9,135,811.86
	3161 Misc Power Plt Eq, Pollution	447,274.09	-	-	-	447,274.09
	Grand Total	1,361,385,378.01	29,347,689.33	(2,664,458.85)	-	1,388,068,608.49

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
BIRCH LAKE RESERVOIR - PROJECT 469	3300 Land & Land Rights, Fee	1,556.25	-	-	-	1,556.25
	3305 Land & Land Rights, Easements	232.79	-	-	-	232.79
	3307 Land & Land Rights-Recr, Easem	381.50	-	-	-	381.50
	3312 Structure & Improvements, Recr	14,922.38	-	-	-	14,922.38
	3320 Reservoirs, Dams & Waterways	260,898.97	-	-	-	260,898.97
	3322 Reservoirs, Dams & Water, Recr	1,176.00	-	-	-	1,176.00
	3340 Accessory Electric Equipment	27,573.67	-	-	-	27,573.67
	Total	306,741.56	-	-	-	306,741.56
BLANCHARD HE STATION - PROJECT 346	3300 Land & Land Rights, Fee	56,631.61	-	-	-	56,631.61
	3302 Land & Land Rights-Recr, Fee	2,018.12	-	-	-	2,018.12
	3305 Land & Land Rights, Easements	75,807.00	-	-	-	75,807.00
	3310 Structure & Improvements	780,570.96	-	-	-	780,570.96
	3312 Structure & Improvements, Recr	83,759.38	-	-	-	83,759.38
	3320 Reservoirs, Dams & Waterways	2,259,746.18	193,124.68	-	-	2,452,870.86
	3330 Water Wheels, Turbines & Gen	3,391,594.70	-	-	-	3,391,594.70
	3340 Accessory Electric Equipment	1,974,930.43	-	-	-	1,974,930.43
	3350 Miscellaneous Power Plant Equi	151,631.93	-	-	-	151,631.93
	Total	8,776,690.31	193,124.68	-	-	8,969,814.99
BOULDER LAKE RESERVOIR - PROJECT 23	3300 Land & Land Rights, Fee	82,749.91	-	-	-	82,749.91
	3302 Land & Land Rights-Recr, Fee	130.73	-	-	-	130.73
	3305 Land & Land Rights, Easements	3,682.00	-	-	-	3,682.00
	3310 Structure & Improvements	3,142.11	-	-	-	3,142.11
	3312 Structure & Improvements, Recr	254,592.89	-	-	-	254,592.89
	3320 Reservoirs, Dams & Waterways	191,288.68	-	-	-	191,288.68
	3322 Reservoirs, Dams & Water, Recr	1,745.39	-	-	-	1,745.39
	3340 Accessory Electric Equipment	20,039.76	-	-	-	20,039.76
	3360 Roads, Railroads And Bridges	12,598.51	-	-	-	12,598.51
	Total	569,969.98	-	-	-	569,969.98
CLOQUET AND ST LOUIS RVR GAG'G STA	3300 Land & Land Rights, Fee	2,068.21	-	-	-	2,068.21
	3320 Reservoirs, Dams & Waterways	69,586.38	-	-	-	69,586.38
	3340 Accessory Electric Equipment	55,864.48	-	-	-	55,864.48
	Total	127,519.07	-	-	-	127,519.07

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
FISH LAKE RESERVOIR - PROJECT 2360	3300 Land & Land Rights, Fee	43,203.60	-	-	-	43,203.60
	3302 Land & Land Rights-Recr, Fee	86.24	-	-	-	86.24
	3305 Land & Land Rights, Easements	19,193.38	-	-	-	19,193.38
	3312 Structure & Improvements, Recr	6,430.68	37,106.54	-	-	43,537.22
	3320 Reservoirs, Dams & Waterways	889,682.17	-	-	-	889,682.17
	3322 Reservoirs, Dams & Water, Recr	2,278.05	-	-	-	2,278.05
	3340 Accessory Electric Equipment	18,864.63	-	-	-	18,864.63
	Total		979,738.75	37,106.54	-	-
FOND DU LAC HE STA PROJECT 2360	3300 Land & Land Rights, Fee	874,753.53	-	-	-	874,753.53
	3310 Structure & Improvements	827,134.13	-	-	-	827,134.13
	3312 Structure & Improvements, Recr	24,973.68	-	-	-	24,973.68
	3320 Reservoirs, Dams & Waterways	3,323,894.10	-	-	-	3,323,894.10
	3330 Water Wheels, Turbines & Gen	465,649.15	-	-	-	465,649.15
	3340 Accessory Electric Equipment	1,515,839.11	-	-	-	1,515,839.11
	3350 Miscellaneous Power Plant Equi	23,516.65	80,604.14	-	-	104,120.79
	3360 Roads, Railroads And Bridges	17,204.68	-	-	-	17,204.68
Total		7,072,965.03	80,604.14	-	-	7,153,569.17
ISLAND LAKE RESERVOIR - PROJECT 236	3300 Land & Land Rights, Fee	245,752.63	-	-	-	245,752.63
	3301 Land & Land Rights-Fish, Fee	588.76	-	-	-	588.76
	3302 Land & Land Rights-Recr, Fee	1,831.33	-	-	-	1,831.33
	3305 Land & Land Rights, Easements	70,314.04	-	-	-	70,314.04
	3307 Land & Land Rights-Recr, Easem	500.00	-	-	-	500.00
	3310 Structure & Improvements	26,447.12	-	-	-	26,447.12
	3312 Structure & Improvements, Recr	374,891.34	-	-	-	374,891.34
	3320 Reservoirs, Dams & Waterways	1,049,850.09	-	-	-	1,049,850.09
	3322 Reservoirs, Dams & Water, Recr	5,448.42	-	-	-	5,448.42
	3360 Roads, Railroads And Bridges	2,996.41	-	-	-	2,996.41
Total		1,778,620.14	-	-	-	1,778,620.14

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
KNIFE FALLS HE STATION - PROJECT 23	3300 Land & Land Rights, Fee	3,779.70	-	-	-	3,779.70
	3305 Land & Land Rights, Easements	34,453.54	-	-	-	34,453.54
	3310 Structure & Improvements	231,511.94	-	-	-	231,511.94
	3312 Structure & Improvements, Recr	2,759.52	-	-	-	2,759.52
	3320 Reservoirs, Dams & Waterways	1,912,311.72	-	(27,066.87)	-	1,885,244.85
	3330 Water Wheels, Turbines & Gen	290,616.45	-	-	-	290,616.45
	3340 Accessory Electric Equipment	903,730.37	-	-	-	903,730.37
	3350 Miscellaneous Power Plant Equi	13,873.55	-	-	-	13,873.55
	3360 Roads, Railroads And Bridges	457.30	-	-	-	457.30
	Total		3,393,494.09	-	(27,066.87)	-
LITTLE FALLS HE STATION - PROJECT 2	3300 Land & Land Rights, Fee	182,693.08	-	-	-	182,693.08
	3305 Land & Land Rights, Easements	21,429.84	-	-	-	21,429.84
	3310 Structure & Improvements	1,015,948.15	-	-	-	1,015,948.15
	3312 Structure & Improvements, Recr	6,042.41	-	-	-	6,042.41
	3320 Reservoirs, Dams & Waterways	2,312,741.94	-	-	-	2,312,741.94
	3330 Water Wheels, Turbines & Gen	2,449,731.95	-	-	-	2,449,731.95
	3340 Accessory Electric Equipment	799,011.11	848,108.68	-	-	1,647,119.79
	3350 Miscellaneous Power Plant Equi	186,082.99	-	-	-	186,082.99
	Total		6,973,681.47	848,108.68	-	-
MISC OPERATING LANDS - KAWISHIWI RI	3305 Land & Land Rights, Easements	60.31	-	-	-	60.31
	Total	60.31	-	-	-	60.31
MISC OPERATING LANDS - MIDWAY RIVER	3300 Land & Land Rights, Fee	1,954.32	-	-	-	1,954.32
	Total	1,954.32	-	-	-	1,954.32
MISC OPERATING LANDS - ST LOUIS RIV	3300 Land & Land Rights, Fee	62,649.52	-	-	-	62,649.52
	3305 Land & Land Rights, Easements	503,278.12	-	-	-	503,278.12
	Total	565,927.64	-	-	-	565,927.64

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
PILLAGER HE STATION - PROJECT 2663	3300 Land & Land Rights, Fee	61,067.17	-	-	-	61,067.17
	3305 Land & Land Rights, Easements	68,003.91	-	-	-	68,003.91
	3310 Structure & Improvements	107,643.63	-	-	-	107,643.63
	3312 Structure & Improvements, Recr	12,789.11	-	-	-	12,789.11
	3320 Reservoirs, Dams & Waterways	1,423,731.63	-	-	-	1,423,731.63
	3330 Water Wheels, Turbines & Gen	219,148.56	-	-	-	219,148.56
	3340 Accessory Electric Equipment	234,572.29	-	-	-	234,572.29
	3350 Miscellaneous Power Plant Equi	12,960.27	-	-	-	12,960.27
	3360 Roads, Railroads And Bridges	1,497.48	-	-	-	1,497.48
	Total	2,141,414.05	-	-	-	2,141,414.05
PRAIRIE RIVER HE STATION - MINOR PR	3300 Land & Land Rights, Fee	1,031.76	-	-	-	1,031.76
	3310 Structure & Improvements	17,380.93	-	-	-	17,380.93
	3312 Structure & Improvements, Recr	6,098.46	-	-	-	6,098.46
	3320 Reservoirs, Dams & Waterways	851,113.89	-	-	-	851,113.89
	3330 Water Wheels, Turbines & Gen	417,908.55	-	-	-	417,908.55
	3340 Accessory Electric Equipment	405.94	-	-	-	405.94
	3350 Miscellaneous Power Plant Equi	-	-	-	-	-
Total	1,293,939.53	-	-	-	1,293,939.53	
Rapids Energy Center HE	3300 Land & Land Rights, Fee	-	-	-	-	-
	3310 Structure & Improvements	-	-	-	-	-
	3320 Reservoirs, Dams & Waterways	-	-	-	-	-
	3330 Water Wheels, Turbines & Gen	-	-	-	-	-
	3340 Accessory Electric Equipment	-	-	-	-	-
	3350 Miscellaneous Power Plant Equi	-	-	-	-	-
	3360 Roads, Railroads And Bridges	-	-	-	-	-
Total	-	-	-	-	-	
RICE LAKE RESERVOIR - PROJECT 2360	3300 Land & Land Rights, Fee	13,319.62	-	-	-	13,319.62
	3305 Land & Land Rights, Easements	6,359.61	-	-	-	6,359.61
	3312 Structure & Improvements, Recr	2,497.79	-	-	-	2,497.79
	3320 Reservoirs, Dams & Waterways	52,557.61	-	-	-	52,557.61
	3340 Accessory Electric Equipment	18,269.12	-	-	-	18,269.12
Total	93,003.75	-	-	-	93,003.75	

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
SCANLON HE STATION - PROJECT 2360	3300 Land & Land Rights, Fee	16,283.77	-	-	-	16,283.77
	3305 Land & Land Rights, Easements	500.00	-	-	-	500.00
	3310 Structure & Improvements	204,251.14	-	-	-	204,251.14
	3312 Structure & Improvements, Recr	100,152.33	-	-	-	100,152.33
	3320 Reservoirs, Dams & Waterways	818,103.46	-	-	-	818,103.46
	3330 Water Wheels, Turbines & Gen	216,738.61	-	-	-	216,738.61
	3340 Accessory Electric Equipment	834,074.72	-	-	-	834,074.72
	3350 Miscellaneous Power Plant Equi	12,529.21	-	-	-	12,529.21
	3360 Roads, Railroads And Bridges	17,171.99	-	-	-	17,171.99
	Total	2,219,805.23	-	-	-	2,219,805.23
SYLVAN HE STATION - PROJECT NO 2454	3300 Land & Land Rights, Fee	103,267.17	-	(56.82)	-	103,210.35
	3305 Land & Land Rights, Easements	17,118.86	-	-	-	17,118.86
	3310 Structure & Improvements	325,621.00	-	(12,000.00)	-	313,621.00
	3312 Structure & Improvements, Recr	36,001.73	-	-	-	36,001.73
	3320 Reservoirs, Dams & Waterways	1,049,374.22	-	-	-	1,049,374.22
	3330 Water Wheels, Turbines & Gen	222,259.37	-	-	-	222,259.37
	3340 Accessory Electric Equipment	177,557.69	-	-	-	177,557.69
	3350 Miscellaneous Power Plant Equi	19,391.61	-	-	-	19,391.61
	3360 Roads, Railroads And Bridges	1,974.52	-	-	-	1,974.52
	Total	1,952,566.17	-	(12,056.82)	-	1,940,509.35
THOMSON HE STATION - PROJECT 2360	3300 Land & Land Rights, Fee	328,223.10	-	-	-	328,223.10
	3305 Land & Land Rights, Easements	394.59	-	-	-	394.59
	3310 Structure & Improvements	2,222,668.98	63,583.31	-	-	2,286,252.29
	3312 Structure & Improvements, Recr	52,627.95	-	-	-	52,627.95
	3320 Reservoirs, Dams & Waterways	9,397,304.41	52,834.48	-	-	9,450,138.89
	3322 Reservoirs, Dams & Water, Recr	305.38	-	-	-	305.38
	3330 Water Wheels, Turbines & Gen	9,026,588.07	-	-	-	9,026,588.07
	3340 Accessory Electric Equipment	2,943,123.57	11,535.31	-	-	2,954,658.88
	3350 Miscellaneous Power Plant Equi	425,359.68	32,506.95	(14,958.47)	-	442,908.16
	3360 Roads, Railroads And Bridges	51,408.16	-	-	-	51,408.16
Total	24,448,003.89	160,460.05	(14,958.47)	-	24,593,505.47	

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
WHITE IRON LAKE RESERVOIR - PROJECT	3305 Land & Land Rights, Easements	349.88	-	-	-	349.88
	3320 Reservoirs, Dams & Waterways	6,141.88	-	-	-	6,141.88
	3340 Accessory Electric Equipment	22,792.48	-	-	-	22,792.48
	Total	29,284.24	-	-	-	29,284.24
WHITEFACE RESERVOIR - PROJECT 2360	3300 Land & Land Rights, Fee	43,073.87	-	-	-	43,073.87
	3305 Land & Land Rights, Easements	94,923.20	-	-	-	94,923.20
	3312 Structure & Improvements, Recr	34,312.69	-	-	-	34,312.69
	3320 Reservoirs, Dams & Waterways	990,024.15	-	-	-	990,024.15
	3340 Accessory Electric Equipment	17,894.17	-	-	-	17,894.17
Total	1,180,228.08	-	-	-	1,180,228.08	
WINTON HE STATION - PROJECT 469	3300 Land & Land Rights, Fee	106,603.64	-	-	-	106,603.64
	3302 Land & Land Rights-Recr, Fee	1,797.73	-	-	-	1,797.73
	3305 Land & Land Rights, Easements	210,170.75	-	-	-	210,170.75
	3310 Structure & Improvements	319,101.70	-	-	-	319,101.70
	3312 Structure & Improvements, Recr	155,301.29	-	-	-	155,301.29
	3320 Reservoirs, Dams & Waterways	1,938,936.94	-	-	-	1,938,936.94
	3330 Water Wheels, Turbines & Gen	332,393.10	-	-	-	332,393.10
	3340 Accessory Electric Equipment	1,132,481.10	-	-	-	1,132,481.10
	3350 Miscellaneous Power Plant Equi	1,074,447.82	-	-	-	1,074,447.82
Total	5,271,234.07	-	-	-	5,271,234.07	
Grand Total	69,176,841.68	1,319,404.09	(54,082.16)	-	70,442,163.61	

**Minnesota Power
Plant in Service-2012
Hydro**

Facility	Plant Account	Beginning Balance	Current Addition	Current Retirements	Transfers and Adjustments	Ending Balance
SUMMARY BY ACCOUNT						
	3300 Land & Land Rights, Fee	2,230,662.46	-	(56.82)	-	2,230,605.64
	3301 Land & Land Rights-Fish, Fee	588.76	-	-	-	588.76
	3302 Land & Land Rights-Recr, Fee	5,864.15	-	-	-	5,864.15
	3305 Land & Land Rights, Easements	1,126,271.82	-	-	-	1,126,271.82
	3307 Land & Land Rights-Recr, Easem	881.50	-	-	-	881.50
	3310 Structure & Improvements	6,081,421.79	63,583.31	(12,000.00)	-	6,133,005.10
	3312 Structure & Improvements, Recr	1,168,153.63	37,106.54	-	-	1,205,260.17
	3320 Reservoirs, Dams & Waterways	28,797,288.42	245,959.16	(27,066.87)	-	29,016,180.71
	3322 Reservoirs, Dams & Water, Recr	10,953.24	-	-	-	10,953.24
	3330 Water Wheels, Turbines & Gen	17,032,628.51	-	-	-	17,032,628.51
	3340 Accessory Electric Equipment	10,697,024.64	859,643.99	-	-	11,556,668.63
	3350 Miscellaneous Power Plant Equi	1,919,793.71	113,111.09	(14,958.47)	-	2,017,946.33
	3360 Roads, Railroads And Bridges	105,309.05	-	-	-	105,309.05
	Total	69,176,841.68	1,319,404.09	(54,082.16)	-	70,442,163.61

**Minnesota Power
Plant in Service - 2012
Wind Production**

Facility	Plant Account	Beginning Balance	Current Additions	Current Retirements	Current Transfer/Adjustments	Ending Balance
BISON WIND GENERATION 1A: 0195	3400 Land and Land Rights	17,068.51	-	-	-	17,068.51
	3410 Structures and Improvements	6,885,778.86	(2,020,733.45)	-	(4,865,045.41)	-
	3440 Generators	109,714,403.22	26,748,164.74	-	(63,041,493.77)	73,421,074.19
	3450 Accessory Electric Equipment	3,004,398.57	(2,876,709.89)	-	(127,688.68)	0.00
	3460 Misc Power Plant Equipment	158,789.25	307,407.94	-	(17,868.66)	448,328.53
	Total	119,780,438.41	22,158,129.34	-	(68,052,096.52)	73,886,471.23
BISON WIND GENERATION 1B: 0193	3400 Land and Land Rights	-	380,982.94	-	-	380,982.94
	3410 Structures and Improvements	-	2,615,196.43	-	4,865,045.41	7,480,241.84
	3440 Generators	-	4,844,754.63	-	63,041,493.77	67,886,248.40
	3450 Accessory Electric Equipment	-	55,232.56	-	127,688.68	182,921.24
	3460 Misc Power Plant Equipment	-	-	-	17,868.66	17,868.66
	Total	-	7,896,166.56	-	68,052,096.52	75,948,263.08
BISON WIND GENERATION 2 : 0196	3410 Structures and Improvements	-	9,650,776.19	-	-	9,650,776.19
	3440 Generators	-	130,774,154.37	-	-	130,774,154.37
	3450 Accessory Electric Equipment	-	13,719,191.64	-	-	13,719,191.64
	Total	-	154,144,122.20	-	-	154,144,122.20
BISON WIND GENERATION 3 :0198	3440 Generators	-	145,678,395.64	-	-	145,678,395.64
	Total	-	145,678,395.64	-	-	145,678,395.64
Taconite Ridge Energy Center	3410 Structures and Improvements	4,343,995.87	-	-	-	4,343,995.87
	3440 Generators	41,881,227.97	188,651.54	-	-	42,069,879.51
	3450 Accessory Electric Equipment	783,623.41	-	-	-	783,623.41
	3460 Misc Power Plant Equipment	40,373.65	-	-	-	40,373.65
	Total	47,049,220.90	188,651.54	-	-	47,237,872.44
	Grand Total	166,829,659.31	330,065,465.28	-	-	496,895,124.59

**Minnesota Power
Depreciation Reserve - 2012
Steam Production**

Facility and Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers	Ending Reserve
Boswell Common							
3110 Structure & Improvements	10,567,776.53	544,172.06	(15,826.16)	(32,593.89)	-	-	11,063,528.54
3111 Structure & Improvements, Pollution	11,287,553.06	198,298.68	-	-	-	-	11,485,851.74
3120 Boiler Plant Equipment	23,692,139.18	1,537,771.03	(262,164.93)	(164,049.20)	-	-	24,803,696.08
3121 Boiler Plant Equipment, Pollution	23,025,188.86	2,608,102.49	(35,145.57)	(10,274.10)	-	-	25,587,871.68
3140 Turbogenerator Units	835,402.16	12,860.40	-	-	-	-	848,262.56
3141 Turbogenerator Units, Pollution	5,360.51	3,478.80	-	-	-	-	8,839.31
3150 Accessory Elec Equipment	4,618,234.47	230,250.98	-	-	-	-	4,848,485.45
3151 Accessory Elec Equipment, Pollution	1,867,644.80	25,243.32	-	-	-	-	1,892,888.12
3160 Misc Power Pit Eq	2,497,368.41	100,768.24	-	-	-	-	2,598,136.65
3161 Misc Power Pit Eq, Pollution	113.99	1.20	-	-	-	-	115.19
Total	78,396,781.97	5,260,947.20	(313,136.66)	(206,917.19)	-	-	83,137,675.32
Boswell Unit 1							
3110 Structure & Improvements	2,328,404.46	40,247.28	-	-	-	-	2,368,651.74
3111 Structure & Improvements, Pollution	28,580.12	246.12	-	-	-	-	28,826.24
3120 Boiler Plant Equipment	7,694,218.93	448,207.29	-	-	-	-	8,142,426.22
3121 Boiler Plant Equipment, Pollution	3,594,339.11	724,923.42	-	-	-	-	4,319,262.53
3140 Turbogenerator Units	4,743,465.49	314,016.06	(16,965.58)	(5,296.87)	-	-	5,035,219.10
3141 Turbogenerator Units, Pollution	47,855.02	13,145.64	-	-	-	-	61,000.66
3150 Accessory Elec Equipment	1,305,188.22	483,479.70	-	-	-	-	1,788,667.92
3151 Accessory Elec Equipment, Pollution	34,787.07	15,793.68	-	-	-	-	50,580.75
3160 Misc Power Pit Eq	(3,604.33)	277.20	-	-	-	-	(3,327.13)
3161 Misc Power Pit Eq, Pollution	-	-	-	-	-	-	-
Total	19,773,234.09	2,040,336.39	(16,965.58)	(5,296.87)	-	-	21,791,308.03
Boswell Unit 2							
3110 Structure & Improvements	1,422,218.61	7,077.84	-	-	-	-	1,429,296.45
3111 Structure & Improvements, Pollution	5,286.93	(325.80)	-	-	-	-	4,961.13
3120 Boiler Plant Equipment	8,891,059.39	295,031.88	-	-	-	-	9,186,091.27
3121 Boiler Plant Equipment, Pollution	1,949,858.58	544,964.45	-	-	-	-	2,494,823.03
3140 Turbogenerator Units	5,410,048.49	275,793.96	-	-	-	-	5,685,842.45
3141 Turbogenerator Units, Pollution	49,729.52	313.56	-	-	-	-	50,043.08
3150 Accessory Elec Equipment	2,727,046.86	46,636.45	-	-	-	-	2,773,683.31
3151 Accessory Elec Equipment, Pollution	-	-	-	-	-	-	-
3160 Misc Power Pit Eq	(990.53)	76.20	-	-	-	-	(914.33)
3161 Misc Power Pit Eq, Pollution	-	-	-	-	-	-	-
Total	20,454,257.85	1,169,568.54	-	-	-	-	21,623,826.39

**Minnesota Power
Depreciation Reserve - 2012
Steam Production**

Facility and Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers	Ending Reserve
Boswell Unit 3							
3110 Structure & Improvements	6,725,080.07	638,507.58	(135,159.37)	(242,072.80)	-	-	6,986,355.48
3111 Structure & Improvements, Pollution	3,525,371.15	724,232.16	-	-	-	-	4,249,603.31
3120 Boiler Plant Equipment	36,581,115.51	2,131,199.26	(91,000.00)	(69,892.64)	-	-	38,551,422.13
3121 Boiler Plant Equipment, Pollution	25,203,475.31	9,915,469.25	(321,532.97)	(242,803.17)	-	-	34,554,608.42
3140 Turbogenerator Units	12,693,816.48	985,785.42	-	-	-	-	13,679,601.90
3141 Turbogenerator Units, Pollution	1,443,986.98	172,231.18	-	-	-	-	1,616,218.16
3150 Accessory Elec Equipment	5,101,647.85	1,369,500.94	-	-	-	-	6,471,148.79
3151 Accessory Elec Equipment, Pollution	283,551.79	109,795.56	-	-	-	-	393,347.35
3160 Misc Power Pit Eq	172,087.27	3,980.56	-	-	-	-	176,067.83
3161 Misc Power Pit Eq, Pollution	-	-	-	-	-	-	-
Total	91,730,132.41	16,050,701.91	(547,692.34)	(554,768.61)	-	-	106,678,373.37
Boswell Unit 4							
3110 Structure & Improvements	16,738,851.59	511,841.81	-	-	-	-	17,250,693.40
3111 Structure & Improvements, Pollution	9,637,861.09	244,519.74	-	-	-	-	9,882,380.83
3120 Boiler Plant Equipment	45,005,194.50	2,980,755.99	(139,175.71)	(13,876.98)	-	-	47,832,897.80
3121 Boiler Plant Equipment, Pollution	37,014,339.54	1,812,072.28	-	-	-	-	38,826,411.82
3140 Turbogenerator Units	8,561,472.54	2,050,714.07	-	-	-	-	10,612,186.61
3141 Turbogenerator Units, Pollution	3,000,800.98	393,276.74	(15,176.18)	(137.11)	-	-	3,378,764.43
3150 Accessory Elec Equipment	15,143,240.06	573,138.34	-	-	-	-	15,716,378.40
3151 Accessory Elec Equipment, Pollution	11,555,233.47	233,505.14	-	-	-	-	11,788,738.61
3160 Misc Power Pit Eq	283,017.14	24,735.68	-	-	-	-	307,752.82
3161 Misc Power Pit Eq, Pollution	317,960.83	5,133.36	-	-	-	-	323,094.19
Total	147,257,971.74	8,829,693.15	(154,351.89)	(14,014.09)	-	-	155,919,298.91
Cloquet Energy Center							
3110 Structure & Improvements	695,928.28	44,034.44	-	-	-	-	739,962.72
3120 Boiler Plant Equipment	876,377.83	55,452.28	-	-	-	-	931,830.11
3140 Turbogenerator Units	2,732,205.96	223,233.44	-	-	-	-	2,955,439.40
3141 Turbogenerator Units, Pollution	45,242.09	2,862.67	-	-	-	-	48,104.76
3150 Accessory Elec Equipment	337,102.79	21,329.98	-	-	-	-	358,432.77
Total	4,686,856.95	346,912.81	-	-	-	-	5,033,769.76

**Minnesota Power
Depreciation Reserve - 2012
Steam Production**

Facility and Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers	Ending Reserve
Hibbard Renewable Energy Center							
3110 Structure & Improvements	2,058,679.61	173,905.66	(31,600.00)	(46,771.39)	-	-	2,154,213.88
3111 Structure & Improvements, Pollution	(402.50)	30.96	-	-	-	-	(371.54)
3120 Boiler Plant Equipment	37,469,945.21	1,096,810.21	(15,000.00)	(6,245.58)	-	-	38,545,509.84
3121 Boiler Plant Equipment, Pollution	7,086,284.21	344,829.47	(31,000.00)	(2,172.57)	-	-	7,397,941.11
3140 Turbogenerator Units	3,366,760.34	443,324.50	-	-	-	-	3,810,084.84
3141 Turbogenerator Units, Pollution	-	-	-	-	-	-	-
3150 Accessory Elec Equipment	2,375,535.09	153,543.31	-	-	-	-	2,529,078.40
3151 Accessory Elec Equipment, Pollution	-	-	-	-	-	-	-
3160 Misc Power Pit Eq	319,614.16	29,651.52	-	-	-	-	349,265.68
3161 Misc Power Pit Eq, Pollution	-	-	-	-	-	-	-
Total	52,676,416.12	2,242,095.63	(77,600.00)	(55,189.54)	-	-	54,785,722.21
Laskin Units 1 and 2							
3110 Structure & Improvements	4,297,570.43	140,407.95	-	-	-	-	4,437,978.38
3111 Structure & Improvements, Pollution	1,428,996.78	270,464.64	-	-	-	-	1,699,461.42
3120 Boiler Plant Equipment	15,670,357.30	692,166.46	(355,850.07)	(27,054.38)	-	-	15,979,619.31
3121 Boiler Plant Equipment, Pollution	14,211,067.22	917,099.12	(12,000.00)	(7,585.66)	-	-	15,108,580.68
3140 Turbogenerator Units	8,342,996.20	374,209.54	(1,186,862.31)	(73,467.78)	-	-	7,456,875.65
3141 Turbogenerator Units, Pollution	571,344.34	9,847.37	-	-	-	-	581,191.71
3150 Accessory Elec Equipment	2,907,995.96	198,072.95	-	-	-	-	3,106,068.91
3151 Accessory Elec Equipment, Pollution	551,307.55	8,088.00	-	-	-	-	559,395.55
3160 Misc Power Pit Eq	855,742.49	32,510.34	-	-	-	-	888,252.83
3161 Misc Power Pit Eq, Pollution	18,357.42	36.84	-	-	-	-	18,394.26
Total	48,855,735.69	2,642,903.21	(1,554,712.38)	(108,107.82)	-	-	49,835,818.70
Taconite Harbor							
3110 Structure & Improvements	3,122,664.86	491,322.90	-	-	-	-	3,613,987.76
3111 Structure & Improvements, Pollution	1,459,474.96	270,570.79	-	-	-	-	1,730,045.75
3120 Boiler Plant Equipment	7,613,228.79	1,975,763.96	-	-	-	46,106.63	9,635,099.38
3121 Boiler Plant Equipment, Pollution	15,146,924.29	3,533,847.34	-	-	-	-	18,680,771.63
3140 Turbogenerator Units	1,946,628.45	665,359.11	-	-	-	-	2,611,987.56
3141 Turbogenerator Units, Pollution	149,797.15	28,148.94	-	-	-	-	177,946.09
3150 Accessory Elec Equipment	2,537,099.59	677,512.25	-	-	-	-	3,214,611.84
3151 Accessory Elec Equipment, Pollution	2,529,299.69	261,456.08	-	-	-	-	2,790,755.77
3160 Misc Power Pit Eq	350,986.50	48,947.15	-	-	-	-	399,933.65
3161 Misc Power Pit Eq, Pollution	-	-	-	-	-	-	-
Total	34,856,104.28	7,952,928.52	-	-	-	46,106.63	42,855,139.43
Grand Total	498,687,491.10	46,536,087.36	(2,664,458.85)	(944,294.12)	-	46,106.63	541,660,932.12

**Minnesota Power
Depreciation Reserve - 2012
Steam Production**

Facility and Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers	Ending Reserve
Summary for All Steam							
3110 Structure & Improvements	47,957,174.44	2,591,517.52	(182,585.53)	(321,438.08)	-	-	50,044,668.35
3111 Structure & Improvements, Pollution	27,372,721.59	1,708,037.29	-	-	-	-	29,080,758.88
3120 Boiler Plant Equipment	183,493,636.64	11,213,158.36	(863,190.71)	(281,118.78)	-	46,106.63	193,608,592.14
3121 Boiler Plant Equipment, Pollution	127,231,477.12	20,401,307.82	(399,678.54)	(262,835.50)	-	-	146,970,270.90
3140 Turbogenerator Units	48,632,796.11	5,345,296.50	(1,203,827.89)	(78,764.65)	-	-	52,695,500.07
3141 Turbogenerator Units, Pollution	5,314,116.59	623,304.90	(15,176.18)	(137.11)	-	-	5,922,108.20
3150 Accessory Elec Equipment	37,053,090.89	3,753,464.90	-	-	-	-	40,806,555.79
3151 Accessory Elec Equipment, Pollution	16,821,824.37	653,881.78	-	-	-	-	17,475,706.15
3160 Misc Power Pit Eq	4,474,221.11	240,946.89	-	-	-	-	4,715,168.00
3161 Misc Power Pit Eq, Pollution	336,432.24	5,171.40	-	-	-	-	341,603.64
Grand Total	498,687,491.10	46,536,087.36	(2,664,458.85)	(944,294.12)	-	46,106.63	541,660,932.12

**Minnesota Power
Depreciation Reserve-2012
Hydro**

Facility	Plant Account	Beginning Balance	Provision	Retirement	Cost of Removal	Salvage Credits	Transfers	gain_loss	Ending Balance
Birch Lake Resv	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3307 Land & Land Rights-Recr, Easem	-	-	-	-	-	-	-	-
	3312 Structure & Improvements, Recr	5,809.95	374.52	-	-	-	-	-	6,184.47
	3320 Reservoirs, Dams & Waterways	168,226.76	3,808.44	-	-	-	-	-	172,035.20
	3322 Reservoirs, Dams & Water, Recr	1,176.00	-	-	-	-	-	-	1,176.00
	3340 Accessory Electric Equipment	27,573.67	-	-	-	-	-	-	27,573.67
	Total	202,786.38	4,182.96	-	-	-	-	-	206,969.34
Blanchard HE	3300 Land & Land Rights, Fee	1.52	-	-	-	-	-	-	1.52
	3302 Land & Land Rights-Recr, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	435,864.84	17,380.20	-	-	-	-	-	453,245.04
	3312 Structure & Improvements, Recr	43,526.67	2,028.54	-	-	-	-	-	45,555.21
	3320 Reservoirs, Dams & Waterways	1,517,561.79	37,846.42	-	-	-	-	-	1,555,408.21
	3330 Water Wheels, Turbines & Gen	1,926,228.34	73,884.00	-	-	-	-	-	2,000,112.34
	3340 Accessory Electric Equipment	1,170,726.04	40,548.14	-	-	-	-	-	1,211,274.18
3350 Miscellaneous Power Plant Equi	78,106.61	3,707.16	-	-	-	-	-	81,813.77	
Total	5,172,015.81	175,394.46	-	-	-	-	-	5,347,410.27	
Boulder Lake Resv	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3302 Land & Land Rights-Recr, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	1,913.69	59.40	-	-	-	-	-	1,973.09
	3312 Structure & Improvements, Recr	111,327.05	6,932.22	-	-	-	-	-	118,259.27
	3320 Reservoirs, Dams & Waterways	164,265.36	1,307.58	-	-	-	-	-	165,572.94
	3322 Reservoirs, Dams & Water, Recr	1,245.67	24.18	-	-	-	-	-	1,269.85
	3340 Accessory Electric Equipment	9,739.92	498.36	-	-	-	-	-	10,238.28
3360 Roads, Railroads And Bridges	5,620.11	337.68	-	-	-	-	-	5,957.79	
Total	294,111.80	9,159.42	-	-	-	-	-	303,271.22	
Cloquet/St Louis Rvr	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3320 Reservoirs, Dams & Waterways	30,313.91	1,939.41	-	-	-	-	-	32,253.32
	3340 Accessory Electric Equipment	22,213.42	1,661.76	-	-	-	-	-	23,875.18
Total	52,527.33	3,601.17	-	-	-	-	-	56,128.50	

**Minnesota Power
Depreciation Reserve-2012
Hydro**

Facility	Plant Account	Beginning Balance	Provision	Retirement	Cost of Removal	Salvage Credits	Transfers	gain_loss	Ending Balance
Fish Lake Resv	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3302 Land & Land Rights-Recr, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3312 Structure & Improvements, Recr	4,383.44	487.86	-	-	-	-	-	4,871.30
	3320 Reservoirs, Dams & Waterways	107,268.91	37,858.68	-	-	-	-	-	145,127.59
	3322 Reservoirs, Dams & Water, Recr	1,529.65	36.24	-	-	-	-	-	1,565.89
	3340 Accessory Electric Equipment	8,256.43	513.30	-	-	-	-	-	8,769.73
	Total	121,438.43	38,896.08	-	-	-	-	-	160,334.51
Fond Du Lac HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	442,716.55	20,502.36	-	-	-	-	-	463,218.91
	3312 Structure & Improvements, Recr	14,094.68	580.20	-	-	-	-	-	14,674.88
	3320 Reservoirs, Dams & Waterways	1,970,419.94	72,185.28	-	-	-	-	-	2,042,605.22
	3330 Water Wheels, Turbines & Gen	402,689.30	3,357.84	-	-	-	-	-	406,047.14
	3340 Accessory Electric Equipment	(6,356.25)	81,183.72	-	-	-	-	-	74,827.47
	3350 Miscellaneous Power Plant Equi	11,233.88	1,957.73	-	-	-	-	-	13,191.61
	3360 Roads, Railroads And Bridges	15,043.45	115.32	-	-	-	-	-	15,158.77
Total	2,849,841.55	179,882.45	-	-	-	-	-	3,029,724.00	
Island Lake Resv	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3301 Land & Land Rights-Fish, Fee	-	-	-	-	-	-	-	-
	3302 Land & Land Rights-Recr, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3307 Land & Land Rights-Recr, Easem	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	15,581.55	525.72	-	-	-	-	-	16,107.27
	3312 Structure & Improvements, Recr	239,283.42	6,561.72	-	-	-	-	-	245,845.14
	3320 Reservoirs, Dams & Waterways	717,668.97	16,073.29	-	-	-	-	-	733,742.26
	3322 Reservoirs, Dams & Water, Recr	3,912.06	74.34	-	-	-	-	-	3,986.40
	3360 Roads, Railroads And Bridges	2,020.17	47.28	-	-	-	-	-	2,067.45
Total	978,466.17	23,282.35	-	-	-	-	-	1,001,748.52	

**Minnesota Power
Depreciation Reserve-2012
Hydro**

Facility	Plant Account	Beginning Balance	Provision	Retirement	Cost of Removal	Salvage Credits	Transfers	gain_loss	Ending Balance
Knife Falls HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	139,015.24	5,045.18	-	-	-	-	-	144,060.42
	3312 Structure & Improvements, Recr	1,854.69	49.32	-	-	-	-	-	1,904.01
	3320 Reservoirs, Dams & Waterways	688,993.10	67,456.23	(27,066.87)	(34,469.51)	-	-	-	694,912.95
	3330 Water Wheels, Turbines & Gen	106,074.86	10,065.90	-	-	-	-	-	116,140.76
	3340 Accessory Electric Equipment	704,522.88	10,865.88	-	-	-	-	-	715,388.76
	3350 Miscellaneous Power Plant Equi	11,515.34	128.64	-	-	-	-	-	11,643.98
	3360 Roads, Railroads And Bridges	431.93	1.44	-	-	-	-	-	433.37
Total	1,652,408.04	93,612.59	(27,066.87)	(34,469.51)	-	-	-	1,684,484.25	
Little Falls HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	524,192.41	45,392.88	-	-	-	-	-	569,585.29
	3312 Structure & Improvements, Recr	3,533.85	231.60	-	-	-	-	-	3,765.45
	3320 Reservoirs, Dams & Waterways	1,179,234.83	104,631.48	-	-	-	-	-	1,283,866.31
	3330 Water Wheels, Turbines & Gen	959,365.38	137,572.32	-	-	-	-	-	1,096,937.70
	3340 Accessory Electric Equipment	504,898.81	96,247.57	-	-	-	-	-	601,146.38
	3350 Miscellaneous Power Plant Equi	146,546.10	3,649.56	-	-	-	-	-	150,195.66
Total	3,317,771.38	387,725.41	-	-	-	-	-	3,705,496.79	
Pillager HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	100,895.69	487.80	-	-	-	-	-	101,383.49
	3312 Structure & Improvements, Recr	8,235.65	329.16	-	-	-	-	-	8,564.81
	3320 Reservoirs, Dams & Waterways	626,026.87	57,665.40	-	-	-	-	-	683,692.27
	3330 Water Wheels, Turbines & Gen	208,517.44	768.48	-	-	-	-	-	209,285.92
	3340 Accessory Electric Equipment	201,568.99	2,385.79	-	-	-	-	-	203,954.78
	3350 Miscellaneous Power Plant Equi	12,493.32	33.72	-	-	-	-	-	12,527.04
	3360 Roads, Railroads And Bridges	1,480.47	1.20	-	-	-	-	-	1,481.67
Total	1,159,218.43	61,671.55	-	-	-	-	-	1,220,889.98	

**Minnesota Power
Depreciation Reserve-2012
Hydro**

Facility	Plant Account	Beginning Balance	Provision	Retirement	Cost of Removal	Salvage Credits	Transfers	gain_loss	Ending Balance
Prairie River HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	2,174.75	1,546.32	-	-	-	-	-	3,721.07
	3312 Structure & Improvements, Recr	4,484.81	164.10	-	-	-	-	-	4,648.91
	3320 Reservoirs, Dams & Waterways	241,469.63	61,997.73	-	-	-	-	-	303,467.36
	3330 Water Wheels, Turbines & Gen	119,999.27	30,295.84	-	-	-	-	-	150,295.11
	3340 Accessory Electric Equipment	(14,181.22)	1,483.44	-	-	-	-	-	(12,697.78)
	3350 Miscellaneous Power Plant Equi	(829.23)	84.36	-	-	-	-	-	(744.87)
Total	353,118.01	95,571.79	-	-	-	-	-	448,689.80	
Rice Lake Resv	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3312 Structure & Improvements, Recr	1,863.90	30.72	-	-	-	-	-	1,894.62
	3320 Reservoirs, Dams & Waterways	38,370.77	686.46	-	-	-	-	-	39,057.23
	3340 Accessory Electric Equipment	7,998.20	496.98	-	-	-	-	-	8,495.18
Total	48,232.87	1,214.16	-	-	-	-	-	49,447.03	
Scanlon HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	100,713.09	5,699.28	-	-	-	-	-	106,412.37
	3312 Structure & Improvements, Recr	35,473.81	3,560.28	-	-	-	-	-	39,034.09
	3320 Reservoirs, Dams & Waterways	467,222.88	19,314.48	-	-	-	-	-	486,537.36
	3330 Water Wheels, Turbines & Gen	163,161.84	2,949.18	-	-	-	-	-	166,111.02
	3340 Accessory Electric Equipment	609,604.24	12,356.16	-	-	-	-	-	621,960.40
	3350 Miscellaneous Power Plant Equi	10,061.54	135.84	-	-	-	-	-	10,197.38
	3360 Roads, Railroads And Bridges	13,170.21	220.32	-	-	-	-	-	13,390.53
Total	1,399,407.61	44,235.54	-	-	-	-	-	1,443,643.15	
Sylan HE	3300 Land & Land Rights, Fee	(17,615.84)	-	(56.82)	(768.47)	7,331.95	-	(6,496.97)	(17,606.15)
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	164,784.46	16,471.31	(12,000.00)	(8,003.96)	-	-	-	161,251.81
	3312 Structure & Improvements, Recr	22,346.45	1,365.48	-	-	-	-	-	23,711.93
	3320 Reservoirs, Dams & Waterways	840,703.22	20,867.10	-	-	-	-	-	861,570.32
	3330 Water Wheels, Turbines & Gen	211,107.19	1,115.20	-	-	-	-	-	212,222.39
	3340 Accessory Electric Equipment	158,355.94	1,920.13	-	-	-	-	-	160,276.07
	3350 Miscellaneous Power Plant Equi	14,867.01	452.46	-	-	-	-	-	15,319.47
	3360 Roads, Railroads And Bridges	1,974.52	-	-	-	-	-	-	1,974.52
Total	1,396,522.95	42,191.68	(12,056.82)	(8,772.43)	7,331.95	-	(6,496.97)	1,418,720.36	

**Minnesota Power
Depreciation Reserve-2012
Hydro**

Facility	Plant Account	Beginning Balance	Provision	Retirement	Cost of Removal	Salvage Credits	Transfers	gain_loss	Ending Balance
Thomson HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	901,889.57	65,950.29	-	-	-	-	-	967,839.86
	3312 Structure & Improvements, Recr	20,669.38	1,584.72	-	-	-	-	-	22,254.10
	3320 Reservoirs, Dams & Waterways	6,222,245.13	158,837.48	-	-	-	-	-	6,381,082.61
	3322 Reservoirs, Dams & Water, Recr	214.64	4.49	-	-	-	-	-	219.13
	3330 Water Wheels, Turbines & Gen	5,083,203.68	195,539.70	-	-	-	-	-	5,278,743.38
	3340 Accessory Electric Equipment	1,425,957.15	75,392.30	-	-	-	-	-	1,501,349.45
	3350 Miscellaneous Power Plant Equi	176,705.26	12,699.04	(14,958.47)	(15,568.38)	-	-	-	158,877.45
	3360 Roads, Railroads And Bridges	12,741.72	1,917.36	-	-	-	-	-	14,659.08
	Total	13,843,626.53	511,925.38	(14,958.47)	(15,568.38)	-	-	-	14,325,025.06
White Iron Lake Resv	3305 Land & Land Rights, Easements	63.61	-	-	-	-	-	-	63.61
	3320 Reservoirs, Dams & Waterways	2,532.48	148.32	-	-	-	-	-	2,680.80
	3340 Accessory Electric Equipment	9,397.09	550.44	-	-	-	-	-	9,947.53
	Total	11,993.18	698.76	-	-	-	-	-	12,691.94
Whiteface Resv	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3312 Structure & Improvements, Recr	23,128.60	541.20	-	-	-	-	-	23,669.80
	3320 Reservoirs, Dams & Waterways	488,776.43	24,253.92	-	-	-	-	-	513,030.35
	3340 Accessory Electric Equipment	7,834.18	486.72	-	-	-	-	-	8,320.90
Total	519,739.21	25,281.84	-	-	-	-	-	545,021.05	
Winton HE	3300 Land & Land Rights, Fee	-	-	-	-	-	-	-	-
	3302 Land & Land Rights-Recr, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	328,441.79	(383.88)	-	-	-	-	-	328,057.91
	3312 Structure & Improvements, Recr	60,792.28	3,883.92	-	-	-	-	-	64,676.20
	3320 Reservoirs, Dams & Waterways	982,899.35	39,289.20	-	-	-	-	-	1,022,188.55
	3330 Water Wheels, Turbines & Gen	332,393.10	-	-	-	-	-	-	332,393.10
	3340 Accessory Electric Equipment	752,763.32	15,604.83	-	-	-	-	-	768,368.15
	3350 Miscellaneous Power Plant Equi	78,519.06	40,928.56	-	-	-	-	-	119,447.62
Total	2,535,808.90	99,322.63	-	-	-	-	-	2,635,131.53	
Grand Total	35,909,034.58	1,797,850.22	(54,082.16)	(58,810.32)	7,331.95	-	(6,496.97)	37,594,827.30	

**Minnesota Power
Depreciation Reserve-2012
Hydro**

Facility	Plant Account	Beginning Balance	Provision	Retirement	Cost of Removal	Salvage Credits	Transfers	gain_loss	Ending Balance
Summary of Accounts									
	3300 Land & Land Rights, Fee	(17,614.32)	-	(56.82)	(768.47)	7,331.95	-	(6,496.97)	(17,604.63)
	3301 Land & Land Rights-Fish, Fee	-	-	-	-	-	-	-	-
	3302 Land & Land Rights-Recr, Fee	-	-	-	-	-	-	-	-
	3305 Land & Land Rights, Easements	63.61	-	-	-	-	-	-	63.61
	3307 Land & Land Rights-Recr, Easem	-	-	-	-	-	-	-	-
	3310 Structure & Improvements	3,158,183.63	178,676.86	(12,000.00)	(8,003.96)	-	-	-	3,316,856.53
	3312 Structure & Improvements, Recr	600,808.63	28,705.56	-	-	-	-	-	629,514.19
	3320 Reservoirs, Dams & Waterways	16,454,200.33	726,166.90	(27,066.87)	(34,469.51)	-	-	-	17,118,830.85
	3322 Reservoirs, Dams & Water, Recr	8,078.02	139.25	-	-	-	-	-	8,217.27
	3330 Water Wheels, Turbines & Gen	9,512,740.40	455,548.46	-	-	-	-	-	9,968,288.86
	3340 Accessory Electric Equipment	5,600,872.81	342,195.52	-	-	-	-	-	5,943,068.33
	3350 Miscellaneous Power Plant Equi	539,218.89	63,777.07	(14,958.47)	(15,568.38)	-	-	-	572,469.11
	3360 Roads, Railroads And Bridges	52,482.58	2,640.60	-	-	-	-	-	55,123.18
	Total	35,909,034.58	1,797,850.22	(54,082.16)	(58,810.32)	7,331.95	-	(6,496.97)	37,594,827.30

**Minnesota Power
Depreciation Reserve-2012
Wind Production**

Facility and Plant Account	Beginning Reserve	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers	Ending Reserve
MP BISON 1A Wind							
3400 Land and Land Rights	-	-	-	-	-	-	-
3410 Structure Improvements	-	1,546.31	-	-	-	413,181.02	414,727.33
3440 Generators	2,257,121.93	3,707,175.57	-	-	-	(3,417,348.24)	2,546,949.26
3450 Accessory Electric Equipment	-	3,932.77	-	-	-	177,870.10	181,802.87
3460 Misc Power Plant Equipment	-	2,654.06	-	-	-	11,953.91	14,607.97
Total	2,257,121.93	3,715,308.71	-	-	-	(2,814,343.21)	3,158,087.43
MP BISON 1B Wind							
3400 Land and Land Rights	-	-	-	-	-	-	-
3410 Structure Improvements	-	39,176.53	-	-	-	-	39,176.53
3440 Generators	-	380,678.52	-	-	-	3,417,348.24	3,798,026.76
3450 Accessory Electric Equipment	-	979.69	-	-	-	-	979.69
3460 Misc Power Plant Equipment	-	108.80	-	-	-	-	108.80
Total	-	420,943.54	-	-	-	3,417,348.24	3,838,291.78
MP BISON 2 Wind							
3400 Land and Land Rights	-	-	-	-	-	-	-
3410 Structure Improvements	-	11,484.27	-	-	-	-	11,484.27
3440 Generators	-	155,680.39	-	-	-	-	155,680.39
3450 Accessory Electric Equipment	-	16,332.20	-	-	-	-	16,332.20
3460 Misc Power Plant Equipment	-	-	-	-	-	-	-
Total	-	183,496.86	-	-	-	-	183,496.86
MP BISON 3 Wind							
3400 Land and Land Rights	-	-	-	-	-	-	-
3410 Structure Improvements	-	-	-	-	-	-	-
3440 Generators	-	173,014.70	-	-	-	-	173,014.70
3450 Accessory Electric Equipment	-	-	-	-	-	-	-
3460 Misc Power Plant Equipment	-	-	-	-	-	-	-
Total	-	173,014.70	-	-	-	-	173,014.70
MP Tac Ridge Wind							
3400 Land and Land Rights	-	-	-	-	-	-	-
3410 Structure Improvements	619,666.94	293,702.88	-	-	-	(413,181.02)	500,188.80
3440 Generators	4,268,382.31	1,197,483.59	-	-	-	-	5,465,865.90
3450 Accessory Electric Equipment	172,788.20	95,850.87	-	-	-	(177,870.10)	90,768.97
3460 Misc Power Plant Equipment	5,021.04	9,514.38	-	-	-	(11,953.91)	2,581.51
Total	5,065,858.49	1,596,551.72	-	-	-	(603,005.03)	6,059,405.18
Grand Total	7,322,980.42	6,089,315.53	-	-	-	-	13,412,295.95

Minnesota Power
Depreciation Expense Calculation - 2012
Steam Production

Facility	Plant Account	Beginning Balance	Ending Balance	Average Plant Balance	Beginning Reserve Balance	Salvage Rate	2012 Remaining Life	2012 Provision	
Boswel Energy Center Common	3100 Land & Land Rights, Fee	4,295,713.93	4,295,713.93	N/A					
	3110 Structures & Improv	20,140,656.30	20,712,101.32	20,426,378.81	10,567,776.53	(0.87)	18.0	544,172.06	
	3111 Structures & Improv, Pollution	14,276,446.24	16,549,660.11	15,413,053.18	11,287,553.06	(0.87)	18.0	198,298.68	
	3120 Boiler Plant Equip	50,155,676.67	52,370,863.33	51,263,270.00	23,692,139.18	(0.87)	18.0	1,537,771.03	
	3121 Boiler Plant Equip, Pollution	69,373,072.36	69,372,768.13	69,372,920.25	23,025,188.86	(0.87)	18.0	2,608,102.49	
	3140 Turbogenerator Units	1,057,687.06	1,057,687.06	1,057,687.06	835,402.16	(0.87)	18.0	12,860.40	
	3141 Turbogenerator Units, Pollution	67,393.37	67,393.37	67,393.37	5,360.51	(0.87)	18.0	3,478.80	
	3150 Accessory Elec Equip	8,687,172.99	8,687,172.99	8,687,172.99	4,618,234.47	(0.87)	18.0	230,250.98	
	3151 Accessory Elec Equip, Pollution	2,301,997.61	2,301,997.61	2,301,997.61	1,867,644.80	(0.87)	18.0	25,243.32	
	3160 Misc Power Plt Eq	4,289,395.10	4,446,180.52	4,367,787.81	2,497,368.41	(0.87)	18.0	100,768.24	
	3161 Misc Power Plt Eq, Pollution	133.76	133.76	133.76	113.99	(0.87)	18.0	1.20	
	Total		174,645,345.39	179,861,672.13		78,396,781.97			5,260,947.20
	Boswel Energy Center Unit 1	3100 Land & Land Rights, Fee	59,858.35	59,858.35					
3110 Structures & Improv		2,811,970.98	2,811,970.98	2,811,970.98	2,328,404.46	(1.41)	13.0	40,247.28	
3111 Structures & Improv, Pollution		31,336.53	31,336.53	31,336.53	28,580.12	(1.41)	13.0	246.12	
3120 Boiler Plant Equip		13,332,919.03	13,332,919.03	13,332,919.03	7,694,218.93	(1.41)	13.0	448,207.29	
3121 Boiler Plant Equip, Pollution		12,837,337.34	12,837,337.34	12,837,337.34	3,594,339.11	(1.41)	13.0	724,923.42	
3140 Turbogenerator Units		8,700,977.78	8,684,012.20	8,692,494.99	4,743,465.49	(1.41)	13.0	314,016.06	
3141 Turbogenerator Units, Pollution		215,707.27	215,707.27	215,707.27	47,855.02	(1.41)	13.0	13,145.64	
3150 Accessory Elec Equip		7,484,995.07	7,482,582.56	7,483,788.82	1,305,188.22	(1.41)	13.0	483,479.70	
3151 Accessory Elec Equip, Pollution		236,766.85	236,766.85	236,766.85	34,787.07	(1.41)	13.0	15,793.68	
3160 Misc Power Plt Eq		-	-	-	(3,604.33)	(1.41)	13.0	277.20	
Total			45,711,869.20	45,692,491.11		19,773,234.09			2,040,336.39
Boswel Energy Center Unit 2		3100 Land & Land Rights, Fee	59,687.82	59,687.82					
		3110 Structures & Improv	1,498,496.98	1,498,496.98	1,498,496.98	1,422,218.61	(1.05)	13.0	7,077.84
	3111 Structures & Improv, Pollution	1,039.83	1,039.83	1,039.83	5,286.93	(1.05)	13.0	(325.80)	
	3120 Boiler Plant Equip	12,594,234.64	12,594,234.64	12,594,234.64	8,891,059.39	(1.05)	13.0	295,031.88	
	3121 Boiler Plant Equip, Pollution	8,940,521.42	8,940,521.42	8,940,521.42	1,949,858.58	(1.05)	13.0	544,964.45	
	3140 Turbogenerator Units	8,901,899.28	8,901,899.28	8,901,899.28	5,410,048.49	(1.05)	13.0	275,793.96	
	3141 Turbogenerator Units, Pollution	53,247.44	53,247.44	53,247.44	49,729.52	(1.05)	13.0	313.56	
	3150 Accessory Elec Equip	3,298,684.42	3,298,684.42	3,298,684.42	2,727,046.86	(1.05)	13.0	46,636.45	
	3160 Misc Power Plt Eq	-	-	-	(990.53)	(1.05)	13.0	76.20	
	Total		35,347,811.83	35,347,811.83		20,454,257.85			1,169,568.54
	Boswel Energy Center Unit 3	3100 Land & Land Rights, Fee	3,102,317.07	3,104,623.53					
		3110 Structures & Improv	20,663,656.87	21,222,347.94	20,943,002.41	6,725,080.07	(3.19)	23.0	638,507.58
		3111 Structures & Improv, Pollution	19,558,786.06	19,558,786.06	19,558,786.06	3,525,371.15	(3.19)	23.0	724,232.16
3120 Boiler Plant Equip		82,870,625.68	84,542,842.53	83,706,734.11	36,581,115.51	(3.19)	23.0	2,131,199.26	
3121 Boiler Plant Equip, Pollution		245,364,002.88	246,339,120.48	245,851,561.68	25,203,475.31	(3.19)	23.0	9,915,469.25	
3140 Turbogenerator Units		34,273,556.15	34,273,556.15	34,273,556.15	12,693,816.48	(3.19)	23.0	985,785.42	
3141 Turbogenerator Units, Pollution		5,238,203.92	5,238,203.92	5,238,203.92	1,443,986.98	(3.19)	23.0	172,231.18	
3150 Accessory Elec Equip		35,467,083.68	35,504,746.93	35,485,915.31	5,101,647.85	(3.19)	23.0	1,369,500.94	
3151 Accessory Elec Equip, Pollution		2,722,017.86	2,722,017.86	2,722,017.86	283,551.79	(3.19)	23.0	109,795.56	
3160 Misc Power Plt Eq		208,473.35	575,765.44	392,119.40	172,087.27	(3.19)	23.0	3,980.56	
Total			449,468,723.52	453,082,010.84		91,730,132.41			16,050,701.91

**Minnesota Power
Depreciation Expense Calculation - 2012
Steam Production**

Facility	Plant Account	Beginning Balance	Ending Balance	Average Plant Balance	Beginning Reserve Balance	Salvage Rate	2012 Remaining Life	2012 Provision	
Boswell Energy Center Unit 4	3100 Land & Land Rights, Fee	355,534.09	355,534.09						
	3110 Structures & Improv	28,198,206.88	28,367,435.71	28,282,821.30	16,738,851.59	(2.81)	24.0	511,841.81	
	3111 Structures & Improv, Pollution	15,082,516.58	15,082,516.58	15,082,516.58	9,637,861.09	(2.81)	24.0	244,519.74	
	3120 Boiler Plant Equip	112,611,000.23	114,591,700.95	113,601,350.59	45,005,194.50	(2.81)	24.0	2,980,755.99	
	3121 Boiler Plant Equip, Pollution	78,245,093.50	78,932,143.23	78,588,618.37	37,014,339.54	(2.81)	24.0	1,812,072.28	
	3140 Turbogenerator Units	56,168,945.31	56,775,590.02	56,472,267.67	8,561,472.54	(2.81)	24.0	2,050,714.07	
	3141 Turbogenerator Units, Pollution	12,097,104.62	12,136,296.62	12,116,700.62	3,000,800.98	(2.81)	24.0	393,276.74	
	3150 Accessory Elec Equip	28,088,391.38	28,557,298.73	28,322,845.06	15,143,240.06	(2.81)	24.0	573,138.34	
	3151 Accessory Elec Equip, Pollution	16,690,357.20	16,690,357.20	16,690,357.20	11,555,233.47	(2.81)	24.0	233,505.14	
	3160 Misc Power Plt Eq	849,408.53	925,632.28	887,520.41	283,017.14	(2.81)	24.0	24,735.68	
	3161 Misc Power Plt Eq, Pollution	429,105.31	429,105.31	429,105.31	317,960.83	(2.81)	24.0	5,133.36	
	Total		348,815,663.63	352,843,610.72		147,257,971.74			8,829,693.15
	Cloquet Energy Center	3110 Structures & Improv	1,112,885.18	1,112,885.18	1,112,885.18	695,928.28	(0.00)	13.0	44,034.44
3120 Boiler Plant Equip		1,401,448.87	1,401,448.87	1,401,448.87	876,377.83	(0.00)	13.0	55,452.28	
3140 Turbogenerator Units		4,452,728.61	5,218,558.16	4,835,643.39	2,732,205.96	(0.00)	13.0	223,233.44	
3141 Turbogenerator Units, Pollution		72,348.34	72,348.34	72,348.34	45,242.09	(0.00)	13.0	2,862.67	
3150 Accessory Elec Equip		539,073.80	539,073.80	539,073.80	337,102.79	(0.00)	13.0	21,329.98	
Total			7,578,484.80	8,344,314.35		4,686,856.95			346,912.81
Hibbard EC 100% HEC - Loc 101	3100 Land & Land Rights, Fee	30,716.52	30,716.52	N/A					
	3110 Structures & Improv	4,313,481.37	4,368,318.03	4,340,899.70	2,058,679.61	(0.00)	13.0	173,905.66	
	3111 Structures & Improv, Pollution	-	-	-	(402.50)	(0.00)	13.0	30.96	
	3120 Boiler Plant Equip	47,505,781.33	53,699,942.41	50,602,861.87	37,469,945.21	(0.00)	13.0	1,096,810.21	
	3121 Boiler Plant Equip, Pollution	11,553,438.62	12,103,735.25	11,828,586.94	7,086,284.21	(0.00)	13.0	344,829.47	
	3140 Turbogenerator Units	6,184,571.02	10,744,589.71	8,464,580.37	3,366,760.34	(0.00)	13.0	443,324.50	
	3150 Accessory Elec Equip	4,391,926.35	4,370,054.15	4,380,990.25	2,375,535.09	(0.00)	13.0	153,543.31	
	3160 Misc Power Plt Eq	705,084.51	705,084.51	705,084.51	319,614.16	(0.00)	13.0	29,651.52	
	Total		74,684,999.72	86,022,440.58		52,676,416.12			2,242,095.63
	LASKIN ENERGY CENTER	3100 Land & Land Rights, Fee	253,164.48	253,164.48					
3110 Structures & Improv		5,850,278.71	5,917,193.81	5,883,736.26	4,297,570.43	(4.44)	13.0	140,407.95	
3111 Structures & Improv, Pollution		4,734,811.21	4,734,811.21	4,734,811.21	1,428,996.78	(4.44)	13.0	270,464.64	
3120 Boiler Plant Equip		23,472,177.66	23,877,236.73	23,674,707.20	15,670,357.30	(4.44)	13.0	692,166.46	
3121 Boiler Plant Equip, Pollution		24,951,678.75	25,298,369.87	25,125,024.31	14,211,067.22	(4.44)	13.0	917,099.12	
3140 Turbogenerator Units		12,915,498.08	11,005,824.12	11,960,661.10	8,342,996.20	(4.44)	13.0	374,209.54	
3141 Turbogenerator Units, Pollution		655,211.79	754,598.17	704,904.98	571,344.34	(4.44)	13.0	9,847.37	
3150 Accessory Elec Equip		5,249,850.42	5,249,850.42	5,249,850.42	2,907,995.96	(4.44)	13.0	198,072.95	
3151 Accessory Elec Equip, Pollution		628,544.24	628,544.24	628,544.24	551,307.55	(4.44)	13.0	8,088.00	
3160 Misc Power Plt Eq		1,215,153.73	1,413,162.55	1,314,158.14	855,742.49	(4.44)	13.0	32,510.34	
3161 Misc Power Plt Eq, Pollution		18,035.02	18,035.02	18,035.02	18,357.42	(4.44)	13.0	36.84	
Total			79,944,404.09	79,150,790.62		48,855,735.69			2,642,903.21

**Minnesota Power
Depreciation Expense Calculation - 2012
Steam Production**

Facility	Plant Account	Beginning Balance	Ending Balance	Average Plant Balance	Beginning Reserve Balance	Salvage Rate	2012 Remaining Life	2012 Provision	
Taconite Harbor Energy Center	3100 Land & Land Rights, Fee	143,350.45	143,350.45		-				
	3110 Structures & Improv	10,100,837.07	10,200,699.24	10,150,768.16	3,122,664.86	(3.48)	15.0	491,322.90	
	3111 Structures & Improv, Pollution	5,332,466.79	5,332,466.79	5,332,466.79	1,459,474.96	(3.48)	15.0	270,570.79	
	3120 Boiler Plant Equip	35,884,161.53	36,312,168.03	36,098,164.78	7,613,228.79	(3.48)	15.0	1,975,763.96	
	3121 Boiler Plant Equip, Pollution	62,256,017.41	62,271,550.53	62,263,783.97	15,146,924.29	(3.48)	15.0	3,533,847.34	
	3140 Turbogenerator Units	11,492,421.38	11,603,834.61	11,548,128.00	1,946,628.45	(3.48)	15.0	665,359.11	
	3141 Turbogenerator Units, Pollution	552,793.99	552,793.99	552,793.99	149,797.15	(3.48)	15.0	28,148.94	
	3150 Accessory Elec Equip	12,151,542.67	14,002,424.67	13,076,983.67	2,537,099.59	(3.48)	15.0	677,512.25	
	3151 Accessory Elec Equip, Pollution	6,234,191.44	6,234,191.44	6,234,191.44	2,529,299.69	(3.48)	15.0	261,456.08	
	3160 Misc Power Plt Eq	1,040,293.10	1,069,986.56	1,055,139.83	350,986.50	(3.48)	15.0	48,947.15	
	Total		145,188,075.83	147,723,466.31		34,856,104.28			7,952,928.52
	Grand Total		1,361,385,378.01	1,388,068,608.49		498,687,491.10			46,536,087.36
	Summary all Steam Plants	3100 Land & Land Rights, Fee	8,300,342.71	8,302,649.17	N/A				
3110 Structures & Improv		94,690,470.34	96,211,449.19	95,450,959.77	47,957,174.44			2,591,517.52	
3111 Structures & Improv, Pollution		59,017,403.24	61,290,617.11	60,154,010.18	27,372,721.59			1,708,037.29	
3120 Boiler Plant Equip		379,828,025.64	392,723,356.52	386,275,691.08	183,493,636.64			11,213,158.36	
3121 Boiler Plant Equip, Pollution		513,521,162.28	516,095,546.25	514,808,354.27	127,231,477.12			20,401,307.82	
3140 Turbogenerator Units		144,148,284.67	148,265,551.31	146,206,917.99	48,632,796.11			5,345,296.50	
3141 Turbogenerator Units, Pollution		18,952,010.74	19,090,589.12	19,021,299.93	5,314,116.59			623,304.90	
3150 Accessory Elec Equip		105,358,720.78	107,691,888.67	106,525,304.73	37,053,090.89			3,753,464.90	
3151 Accessory Elec Equip, Pollution		28,813,875.20	28,813,875.20	28,813,875.20	16,821,824.37			653,881.78	
3160 Misc Power Plt Eq		8,307,808.32	9,135,811.86	8,721,810.09	4,474,221.11			240,946.89	
3161 Misc Power Plt Eq, Pollution		447,274.09	447,274.09	447,274.09	336,432.24			5,171.40	
Grand Total			1,361,385,378.01	1,388,068,608.49		498,687,491.10			46,536,087.36

Minnesota Power
Depreciation Expense Calculation - 2012
Hydro

<u>Facility & Plant Account</u>	<u>Beginning Plant Balance</u>	<u>Ending Plant Balance</u>	<u>Average Plant Balance</u>	<u>Beginning Reserve Balance</u>	<u>2012 Remaining Life</u>	<u>2012 Provision</u>
BIRCH LAKE RESERVOIR 0250						
3300 Land & Land Rights-Fee	1,556.25	1,556.25	n/a			
3305 Land & Land Rght-Easements	232.79	232.79	n/a			
3307 Land & Land Rght-Ease-Rec	381.50	381.50	n/a			
3312 Structures & Improv. Rec.	14,922.38	14,922.38	14,922.00	5,809.95	24.3	374.52
3320 Reservoirs, Dams & Bridges	260,898.97	260,898.97	260,899.00	168,226.76	24.3	3,808.44
3322 Res, Dams, & Wtrways - Rec.	1,176.00	1,176.00	1,176.00	1,176.00	24.3	-
3340 Accessory Electric Equip.	27,573.67	27,573.67	27,574.00	27,573.67	24.3	-
Totals	306,741.56	306,741.56		202,786.38		4,182.96
BLANCHARD H. E. STATION 0235 PROJ. 346						
3300 Land & Land Rights-Fee	56,631.61	56,631.61	n/a	1.52		
3302 Land & Land Rights-Fee-Rec	2,018.12	2,018.12	n/a	-		
3305 Land & Land Rght-Easements	75,807.00	75,807.00	n/a	-		
3310 Structures & Improvements	780,570.96	780,570.96	780,571.00	435,864.84	19.8	17,380.20
3312 Structures & Improv. Rec.	83,759.38	83,759.38	83,759.00	43,526.67	19.8	2,028.54
3320 Reservoirs, Dams & Bridges	2,259,746.18	2,452,870.86	2,356,309.00	1,517,561.79	19.8	37,846.42
3330 Water Wheels, Turb. & Gen.	3,391,594.70	3,391,594.70	3,391,595.00	1,926,228.34	19.8	73,884.00
3340 Accessory Electric Equip.	1,974,930.43	1,974,930.43	1,974,930.00	1,170,726.04	19.8	40,548.14
3350 Misc. Power Plant Equip.	151,631.93	151,631.93	151,632.00	78,106.61	19.8	3,707.16
Totals	8,776,690.31	8,969,814.99		5,172,015.81		175,394.46
BOULDER LAKE RESERVOIR 0255						
3300 Land & Land Rights-Fee	82,749.91	82,749.91	n/a			
3302 Land & Land Rights-Fee-Rec	130.73	130.73	n/a			
3305 Land & Land Rght-Easements	3,682.00	3,682.00	n/a			
3310 Structures & Improvements	3,142.11	3,142.11	3,142.00	1,913.68	20.6	59.40
3312 Structures & Improv. Rec.	254,592.89	254,592.89	254,593.00	111,327.05	20.6	6,932.22
3320 Reservoirs, Dams & Bridges	191,288.68	191,288.68	191,289.00	164,265.36	20.6	1,307.58
3322 Res, Dams, & Wtrways - Rec.	1,745.39	1,745.39	1,745.00	1,245.67	20.6	24.18
3340 Accessory Electric Equip.	20,039.76	20,039.76	20,040.00	9,739.92	20.6	498.36
3350 Misc. Power Plant Equip.	-	-	-	-	20.6	-
3360 Roads, Railroads & Bridges	12,598.51	12,598.51	12,599.00	5,620.11	20.6	337.68
Totals	569,969.98	569,969.98		294,111.79		9,159.42
GAUGING STATIONS 0280						
3300 Land & Land Rights-Fee	2,068.21	2,068.21	n/a			
3320 Reservoirs, Dams & Bridges	69,586.38	69,586.38	69,586.00	30,313.91	20.2	1,939.41
3340 Accessory Electric Equip.	55,864.48	55,864.48	55,864.00	22,213.42	20.2	1,661.76
Totals	127,519.07	127,519.07		52,527.33		3,601.17

Minnesota Power
Depreciation Expense Calculation - 2012
Hydro

Facility & Plant Account	Beginning Plant Balance	Ending Plant Balance	Average Plant Balance	Beginning Reserve Balance	2012 Remaining Life	2012 Provision
FISH LAKE RESERVOIR 0260						
3300 Land & Land Rights-Fee	43,203.60	43,203.60	n/a			
3302 Land & Land Rights-Fee-Rec	86.24	86.24	n/a			
3305 Land & Land Rght-Easements	19,193.38	19,193.38	n/a			
3312 Structures & Improv. Rec.	6,430.68	43,537.22	24,984.00	4,383.44	20.6	487.86
3320 Reservoirs, Dams & Bridges	889,682.17	889,682.17	889,682.00	107,268.91	20.6	37,858.68
3322 Res, Dams, & Wtrways - Rec.	2,278.05	2,278.05	2,278.00	1,529.65	20.6	36.24
3340 Accessory Electric Equip.	18,864.63	18,864.63	18,865.00	8,256.43	20.6	513.30
Totals	979,738.75	1,016,845.29		121,438.43		38,896.08
FOND DU LAC H. E. STATION 2360						
3300 Land & Land Rights-Fee	874,753.53	874,753.53	n/a			
3310 Structures & Improvements	827,134.13	827,134.13	827,134.00	442,716.55	18.7	20,502.36
3312 Structures & Improv. Rec.	24,973.68	24,973.68	24,974.00	14,094.68	18.7	580.20
3320 Reservoirs, Dams & Bridges	3,323,894.10	3,323,894.10	3,323,894.00	1,970,419.94	18.7	72,185.28
3330 Water Wheels, Turb. & Gen.	465,649.15	465,649.15	465,649.00	402,689.30	18.7	3,357.84
3340 Accessory Electric Equip.	1,515,839.11	1,515,839.11	1,515,839.00	(6,356.25)	18.7	81,183.72
3350 Misc. Power Plant Equip.	23,516.65	104,120.79	63,819.00	11,233.88	18.7	1,957.73
3360 Roads, Railroads & Bridges	17,204.68	17,204.68	17,205.00	15,043.45	18.7	115.32
Totals	7,072,965.03	7,153,569.17		2,849,841.55		179,882.45
ISLAND LAKE RESERVOIR 0265						
3300 Land & Land Rights-Fee	245,752.63	245,752.63	n/a			
3301 Land & Land Rght-Fish & Wld	588.76	588.76	n/a			
3302 Land & Land Rights-Fee-Rec	1,831.33	1,831.33	n/a			
3305 Land & Land Rght-Easements	70,314.04	70,314.04	n/a			
3307 Land & Land Rght-Ease-Rec	500.00	500.00	n/a			
3310 Structures & Improvements	26,447.12	26,447.12	26,447.00	15,581.55	20.6	525.72
3312 Structures & Improv. Rec.	374,891.34	374,891.34	374,891.00	239,283.42	20.6	6,561.72
3320 Reservoirs, Dams & Bridges	1,049,850.09	1,049,850.09	1,049,850.00	717,668.97	20.6	16,073.29
3322 Res, Dams, & Wtrways - Rec.	5,448.42	5,448.42	5,448.00	3,912.06	20.6	74.34
3360 Roads, Railroads & Bridges	2,996.41	2,996.41	2,996.00	2,020.17	20.6	47.28
Totals	1,778,620.14	1,778,620.14		978,466.17		23,282.35

Minnesota Power
Depreciation Expense Calculation - 2012
Hydro

Facility & Plant Account	Beginning Plant Balance	Ending Plant Balance	Average Plant Balance	Beginning Reserve Balance	2012 Remaining Life	2012 Provision
KNIFE FALLS H. E. STATION 0220						
3300 Land & Land Rights-Fee	3,779.70	3,779.70	n/a			
3305 Land & Land Rght-Easements	34,453.54	34,453.54	n/a			
3310 Structures & Improvements	231,511.94	231,511.94	231,512.00	139,015.24	18.3	5,045.18
3312 Structures & Improv. Rec.	2,759.52	2,759.52	2,760.00	1,854.69	18.3	49.32
3320 Reservoirs, Dams & Bridges	1,912,311.72	1,885,244.85	1,898,778.00	688,993.10	18.3	67,456.23
3330 Water Wheels, Turb. & Gen.	290,616.45	290,616.45	290,616.00	106,074.86	18.3	10,065.90
3340 Accessory Electric Equip.	903,730.37	903,730.37	903,730.00	704,522.88	18.3	10,865.88
3350 Misc. Power Plant Equip.	13,873.55	13,873.55	13,874.00	11,515.34	18.3	128.64
3360 Roads, Railroads & Bridges	457.30	457.30	457.00	431.93	18.3	1.44
Totals	3,393,494.09	3,366,427.22		1,652,408.04		93,612.59
LITTLE FALLS H. E. STATION 0230 PROJ 2532						
3300 Land & Land Rights-Fee	182,693.08	182,693.08	n/a			
3305 Land & Land Rght-Easements	21,429.84	21,429.84	n/a			
3310 Structures & Improvements	1,015,948.15	1,015,948.15	1,015,948.00	524,192.41	10.8	45,392.88
3312 Structures & Improv. Rec.	6,042.41	6,042.41	6,042.00	3,533.85	10.8	231.60
3320 Reservoirs, Dams & Bridges	2,312,741.94	2,312,741.94	2,312,742.00	1,179,234.83	10.8	104,631.48
3330 Water Wheels, Turb. & Gen.	2,449,731.95	2,449,731.95	2,449,732.00	959,365.38	10.8	137,572.32
3340 Accessory Electric Equip.	799,011.11	1,647,119.79	1,223,065.00	504,898.81	10.8	96,247.57
3350 Misc. Power Plant Equip.	186,082.99	186,082.99	186,083.00	146,546.10	10.8	3,649.56
Totals	6,973,681.47	7,821,790.15		3,317,771.38		387,725.41
MISCELLANEOUS OPERATING LANDS						
3300 Land & Land Rights-Fee	64,603.84	64,603.84				
3305 Land & Land Rght-Easements	503,338.43	503,338.43	n/a			
Totals	567,942.27	567,942.27				
PILLAGER H. E. STATION 0245 PROJ.						
3300 Land & Land Rights-Fee	61,067.17	61,067.17	n/a			
3305 Land & Land Rght-Easements	68,003.91	68,003.91	n/a			
3310 Structures & Improvements	107,643.63	107,643.63	107,644.00	100,895.69	13.8	487.80
3312 Structures & Improv. Rec.	12,789.11	12,789.11	12,789.00	8,235.65	13.8	329.16
3320 Reservoirs, Dams & Bridges	1,423,731.63	1,423,731.63	1,423,732.00	626,026.87	13.8	57,665.40
3330 Water Wheels, Turb. & Gen.	219,148.56	219,148.56	219,149.00	208,517.44	13.8	768.48
3340 Accessory Electric Equip.	234,572.29	234,572.29	234,572.00	201,568.99	13.8	2,385.79
3350 Misc. Power Plant Equip.	12,960.27	12,960.27	12,960.00	12,493.32	13.8	33.72
3360 Roads, Railroads & Bridges	1,497.48	1,497.48	1,497.00	1,480.47	13.8	1.20
Totals	2,141,414.05	2,141,414.05		1,159,218.43		61,671.55

Minnesota Power
Depreciation Expense Calculation - 2012
Hydro

Facility & Plant Account	Beginning Plant Balance	Ending Plant Balance	Average Plant Balance	Beginning Reserve Balance	2012 Remaining Life	2012 Provision
PRAIRIE RIVER H. E. STATION 0200						
3300 Land & Land Rights	1,031.76	1,031.76	n/a			
3310 Structures & Improvements	17,380.93	17,380.93	17,381.00	2,174.75	9.8	1,546.32
3312 Structures & Improv. Rec.	6,098.46	6,098.46	6,098.00	4,484.81	9.8	164.10
3320 Reservoirs, Dams & Bridges	851,113.89	851,113.89	851,114.00	241,469.63	9.8	61,997.73
3330 Water Wheels, Turb. & Gen.	417,908.55	417,908.55	417,909.00	119,999.27	9.8	30,295.84
3340 Accessory Electric Equip.	405.94	405.94	406.00	(14,181.22)	9.8	1,483.44
3350 Misc. Power Plant Equip.	-	-	-	(829.23)	9.8	84.36
Totals	1,293,939.53	1,293,939.53		353,118.01		95,571.79
RICE LAKE RESERVOIR 0270						
3300 Land & Land Rights-Fee	13,319.62	13,319.62	n/a			
3305 Land & Land Rght-Easements	6,359.61	6,359.61	n/a			
3312 Structures & Improv. Rec.	2,497.79	2,497.79	2,498.00	1,863.90	20.6	30.72
3320 Reservoirs, Dams & Bridges	52,557.61	52,557.61	52,558.00	38,370.77	20.6	686.46
3340 Accessory Electric Equip.	18,269.12	18,269.12	18,269.00	7,998.20	20.6	496.98
Totals	93,003.75	93,003.75		48,232.87		1,214.16
SCANLON H. E. STATION 0225						
3300 Land & Land Rights-Fee	16,283.77	16,283.77	n/a			
3305 Land & Land Rght-Easements	500.00	500.00	n/a			
3310 Structures & Improvements	204,251.14	204,251.14	204,251.00	100,713.09	18.1	5,699.28
3312 Structures & Improv. Rec.	100,152.33	100,152.33	100,152.00	35,473.81	18.1	3,560.28
3320 Reservoirs, Dams & Bridges	818,103.46	818,103.46	818,103.00	467,222.88	18.1	19,314.48
3330 Water Wheels, Turb. & Gen.	216,738.61	216,738.61	216,739.00	163,161.84	18.1	2,949.18
3340 Accessory Electric Equip.	834,074.72	834,074.72	834,075.00	609,604.24	18.1	12,356.16
3350 Misc. Power Plant Equip.	12,529.21	12,529.21	12,529.00	10,061.54	18.1	135.84
3360 Roads, Railroads & Bridges	17,171.99	17,171.99	17,172.00	13,170.21	18.1	220.32
Totals	2,219,805.23	2,219,805.23		1,399,407.61		44,235.54
SYLVAN H. E. STATION 0240 PROJ. 2454						
3300 Land & Land Rights-Fee	103,267.17	103,210.35	n/a	(17,615.84)		
3305 Land & Land Rght-Easements	17,118.86	17,118.86	n/a			
3310 Structures & Improvements	325,621.00	313,621.00	319,621.00	164,784.46	10.0	16,471.31
3312 Structures & Improv. Rec.	36,001.73	36,001.73	36,002.00	22,346.46	10.0	1,365.48
3320 Reservoirs, Dams & Bridges	1,049,374.22	1,049,374.22	1,049,374.00	840,703.22	10.0	20,867.10
3330 Water Wheels, Turb. & Gen.	222,259.37	222,259.37	222,259.00	211,107.19	10.0	1,115.20
3340 Accessory Electric Equip.	177,557.69	177,557.69	177,558.00	158,355.94	10.0	1,920.13
3350 Misc. Power Plant Equip.	19,391.61	19,391.61	19,392.00	14,867.01	10.0	452.46
3360 Roads, Railroads & Bridges	1,974.52	1,974.52	1,975.00	1,974.52	10.0	-
Totals	1,952,566.17	1,940,509.35		1,396,522.96		42,191.68

**Minnesota Power
Depreciation Expense Calculation - 2012
Hydro**

Facility & Plant Account	Beginning Plant Balance	Ending Plant Balance	Average Plant Balance	Beginning Reserve Balance	2012 Remaining Life	2012 Provision
THOMSON H. E. STATION 0205						
3300 Land & Land Rights-Fee	328,223.10	328,223.10	n/a			
3305 Land & Land Rght-Easements	394.59	394.59	n/a			
3310 Structures & Improvements	2,222,668.98	2,286,252.29	2,254,461.00	901,889.57	20.1	65,950.29
3312 Structures & Improv. Rec.	52,627.95	52,627.95	52,628.00	20,669.38	20.1	1,584.72
3320 Reservoirs, Dams & Bridges	9,397,304.41	9,450,138.89	9,423,722.00	6,222,245.13	20.1	158,837.48
3322 Res, Dams, & Wtrways - Rec.	305.38	305.38	305.00	214.64	20.1	4.49
3330 Water Wheels, Turb. & Gen.	9,026,588.07	9,026,588.07	9,026,588.00	5,083,203.68	20.1	195,539.70
3340 Accessory Electric Equip.	2,943,123.57	2,954,658.88	2,948,891.00	1,425,957.15	20.1	75,392.30
3350 Misc. Power Plant Equip.	425,359.68	442,908.16	434,134.00	176,705.26	20.1	12,699.04
3360 Roads, Railroads & Bridges	51,408.16	51,408.16	51,408.00	12,741.72	20.1	1,917.36
Totals	24,448,003.89	24,593,505.47		13,843,626.53		511,925.38
WHITE IRON LAKE RESERVOIR 0242						
3305 Land & Land Rght-Easements	349.88	349.88	n/a	63.61		
3320 Reservoirs, Dams & Bridges	6,141.88	6,141.88	6,142.00	2,532.48	24.3	148.32
3340 Accessory Electric Equip.	22,792.48	22,792.48	22,792.00	9,397.09	24.3	550.44
Totals	29,284.24	29,284.24		11,993.18		698.76
WHITEFACE RESERVOIR 0275						
3300 Land & Land Rights-Fee	43,073.87	43,073.87	n/a			
3305 Land & Land Rght-Easements	94,923.20	94,923.20	n/a			
3312 Structures & Improv. Rec.	34,312.69	34,312.69	34,313.00	23,128.60	20.6	541.20
3320 Reservoirs, Dams & Bridges	990,024.15	990,024.15	990,024.00	488,776.43	20.6	24,253.92
3340 Accessory Electric Equip.	17,894.17	17,894.17	17,894.00	7,834.18	20.6	486.72
Totals	1,180,228.08	1,180,228.08		519,739.21		25,281.84
WINTON H. E. STATION 0215						
3300 Land & Land Rights-Fee	106,603.64	106,603.64	n/a			
3302 Land & Land Rght-Fee-Rec	1,797.73	1,797.73	n/a			
3305 Land & Land Rght-Easements	210,170.75	210,170.75	n/a			
3310 Structures & Improvements	319,101.70	319,101.70	319,102.00	328,441.79	24.3	(383.88)
3312 Structures & Improv. Rec.	155,301.29	155,301.29	155,301.00	60,792.28	24.3	3,883.92
3320 Reservoirs, Dams & Bridges	1,938,936.94	1,938,936.94	1,938,937.00	982,899.35	24.3	39,289.20
3330 Water Wheels, Turb. & Gen.	332,393.10	332,393.10	332,393.00	332,393.10	24.3	-
3340 Accessory Electric Equip.	1,132,481.10	1,132,481.10	1,132,481.00	752,763.32	24.3	15,604.83
3350 Misc. Power Plant Equip.	1,074,447.82	1,074,447.82	1,074,448.00	78,519.06	24.3	40,928.56
Totals	5,271,234.07	5,271,234.07		2,535,808.90		99,322.63
Total Hydro Generation	69,176,841.68	70,442,163.61		35,909,034.58		1,797,850.22

**Minnesota Power
Depreciation Expense Calculation - 2012
Hydro**

<u>Facility & Plant Account</u>	<u>Beginning Plant Balance</u>	<u>Ending Plant Balance</u>	<u>Average Plant Balance</u>	<u>Beginning Reserve Balance</u>	<u>2012 Remaining Life</u>	<u>2012 Provision</u>
SUMMARY ALL HYDRO						
3300 Land & Land Rights-Fee	2,230,662.46	2,230,605.64	n/a	(17,614.32)		
3301 Land & Land Rght-Fish & Wld	588.76	588.76	n/a			
3302 Land & Land Rights-Fee-Rec	5,864.15	5,864.15	n/a			
3305 Land & Land Rght-Easements	1,126,271.82	1,126,271.82	n/a	63.61		
3307 Land & Land Rght-Ease-Rec	881.50	881.50	n/a			
3310 Structures & Improvements	6,081,421.79	6,133,005.10	6,107,213.00	3,158,183.62		178,676.86
3312 Structures & Improv. Rec.	1,168,153.63	1,205,260.17	1,186,707.00	600,808.64		28,705.56
3320 Reservoirs, Dams & Bridges	28,797,288.42	29,016,180.71	28,906,735.00	16,454,200.33		726,166.90
3322 Res, Dams, & Wtrways - Rec.	10,953.24	10,953.24	10,953.00	8,078.02		139.25
3330 Water Wheels, Turb. & Gen.	17,032,628.51	17,032,628.51	17,032,629.00	9,512,740.40		455,548.46
3340 Accessory Electric Equip.	10,697,024.64	11,556,668.63	11,126,847.00	5,600,872.81		342,195.52
3350 Misc. Power Plant Equip.	1,919,793.71	2,017,946.33	1,968,870.00	539,218.89		63,777.07
3360 Roads, Railroads & Bridges	105,309.05	105,309.05	105,309.00	52,482.58		2,640.60
Totals	<u>69,176,841.68</u>	<u>70,442,163.61</u>		<u>35,909,034.58</u>		<u>1,797,850.22</u>

Minnesota Power
Depreciation Expense Calculation - 2012
Wind Production

Facility	Plant Account	Beginning Balance	Ending Balance	Average Plant Balance	Beginning Reserve Balance	Salvage Rate	2012 Remaining Life	2012 Provision
BISON WIND GENERATION 1A: 0195	3400 Land and Land Rights	17,068.51	17,068.51	N/A	-			
	3410 Structures and Improvements	6,885,778.86	-	3,442,889.43	-	(0.00)	33.0	1,546.31
	3440 Generators	109,714,403.22	73,421,074.19	91,567,738.71	2,257,121.93	(0.00)	33.0	3,707,175.57
	3450 Accessory Electric Equipment	3,004,398.57	0.00	1,502,199.29	-	(0.00)	33.0	3,932.77
	3460 Misc Power Plant Equipment	158,789.25	448,328.53	303,558.89	-	(0.00)	33.0	2,654.06
	Total	119,780,438.41	73,886,471.23		2,257,121.93			3,715,308.71
BISON WIND GENERATION 1B: 0193	3400 Land and Land Rights	-	380,982.94	N/A	-			
	3410 Structures and Improvements	-	7,480,241.84	3,740,120.92	-	(0.00)	34.0	39,176.53
	3440 Generators	-	67,886,248.40	33,943,124.20	-	(0.00)	34.0	380,678.52
	3450 Accessory Electric Equipment	-	182,921.24	91,460.62	-	(0.00)	34.0	979.69
	3460 Misc Power Plant Equipment	-	17,868.66	8,934.33	-	(0.00)	34.0	108.80
	Total	-	75,948,263.08		-			420,943.54
BISON WIND GENERATION 2 : 0196	3410 Structures and Improvements	-	9,650,776.19	4,825,388.10	-	(0.00)	35.0	11,484.27
	3440 Generators	-	130,774,154.37	65,387,077.19	-	(0.00)	35.0	155,680.39
	3450 Accessory Electric Equipment	-	13,719,191.64	6,859,595.82	-	(0.00)	35.0	16,332.20
	Total	-	154,144,122.20		-			183,496.86
BISON WIND GENERATION 3 :0198	3440 Generators	-	145,678,395.64	72,839,197.82	-	(0.00)	35.0	173,014.70
	Total	-	145,678,395.64		-			173,014.70
Taconite Ridge Energy Center	3410 Structures and Improvements	4,343,995.87	4,343,995.87	4,343,995.87	619,666.94	(0.00)	31.0	293,702.88
	3440 Generators	41,881,227.97	42,069,879.51	41,975,553.74	4,268,382.31	(0.00)	31.0	1,197,483.59
	3450 Accessory Electric Equipment	783,623.41	783,623.41	783,623.41	172,788.20	(0.00)	31.0	95,850.87
	3460 Misc Power Plant Equipment	40,373.65	40,373.65	40,373.65	5,021.04	(0.00)	31.0	9,514.38
	Total	47,049,220.90	47,237,872.44		5,065,858.49			1,596,551.72
Grand Total	166,829,659.31	496,895,124.59		7,322,980.42			6,089,315.53	

**MINNESOTA POWER
STRUCTURE AND AIRCRAFT
2012**

PLANT IN SERVICE

Plant Account	Beginning Plant Balance	Current Additions	Current Retirements	Current Transfers	Current Adjustments	Ending Plant Balance
3900 Structures and Improvements	52,743,351.31	978,130.29	(36,704.66)	-	(178,916.49)	53,505,860.45
3928 Aircraft -Fixed Wing	3,034,142.63	-	-	-	-	3,034,142.63

DEPRECIATION RESERVE SUMMARY

Plant	Beginning Reserve Balance	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Ending Reserve
3900 Structures and Improvements	24,758,372.10	1,261,630.55	(11,923.31)	(10,835.78)	-	(245.43)	25,996,998.13
3928 Aircraft -Fixed Wing	572,215.76	37,264.01	-	-	-	-	609,479.77

DEPRECIATION EXPENSE CALCULATION

Plant	Beginning Plant Balance	Ending Plant Balance	Average Plant Balance	Beginning Reserve Balance	Salvage Rate	2012 Remaining Life	Provision
3900 Structures and Improvements	52,743,351.31	53,505,860.45	53,124,606.00	24,758,372.10		26.0	1,261,630.55
3928 Aircraft -Fixed Wing	3,034,142.63	3,034,142.63	3,034,143.00	572,215.76	-75.00%	6.0	37,264.01

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Margaret	Hodnik	mhodnik@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Jodi	Johnson	jjjohnson@mnpower.com	Minnesota Power	30 W. Superior St. Duluth, MN 55802	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
John A.	Knapp	jknapp@winthrop.com	Winthrop & Weinstine	Suite 3500 225 South Sixth Street Minneapolis, MN 554024629	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List
James D.	Larson		Avant Energy Services	200 S 6th St Ste 300 Minneapolis, MN 55402	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Andrew	Moratzka	apm@mcmlaw.com	Mackall, Crouse and Moore	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 55402	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List
Karen	Turnboom	karen.turnboom@newpagecorp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesota a Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Laurance R.	Waldoch		Lindquist & Vennum	4200 IDS Center 80 South 8th Street Minneapolis, MN 554022274	Paper Service	No	GEN_SL_Minnesota Power_GEN_SL_Minnesot a Power_Minnesota Power General Service List