

May 29, 2025

**VIA E-FILING**

Will Seuffert  
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 Request  
to Modify its Service Extension Tariff  
**Docket No. E015/M-12-1359**  
**COMPLIANCE FILING**

Dear Mr. Seuffert:

Minnesota Power (or the "Company") submits the enclosed annual Compliance Filing pursuant to Order Point 6 and Order Point 4 of the Minnesota Public Utilities Commission's October 7, 2013 and January 31, 2014 Orders, respectively, in the above-referenced Docket. Per these orders, Minnesota Power is required to file annually:

- A report when its average embedded service-extension costs for any customer class change by at least five percent and if these costs have not changed over the course of the year, to submit a letter-filing stating that they have not changed.
- The per-foot charge for service extensions of 1,000 feet or less using the Compatible Unit Estimator software program, sampling the Company's prior year service extension installations, and recalculating the dollar per-foot charge from the sample.

Included in the filing is a redlined and clean version of the Service Extension Rules in the Company's Rate Book (Sec VI Pg 04). Please contact me at (218) 355-3601 or [lhoyum@mnpower.com](mailto:lhoyum@mnpower.com) if you have any questions regarding this filing.

Yours truly,



Lori Hoyum  
Rates Compliance Administrator

LMH:th  
Attach.

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

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In the Matter of Minnesota Power's Request  
To Modify its Service Extension Tariff

Docket No. E015/M-12-1359  
**COMPLIANCE FILING**

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**I. INTRODUCTION**

Minnesota Power (or the "Company") submits to the Minnesota Public Utilities Commission ("Commission") its Compliance Filing ("Filing") in Docket No. E015/M-12-1359. Initially, the Commission's October 7, 2013 Order required the Company to:

6. *File a report when its average embedded service-extension costs for any customer class change by at least five percent and if these costs have not changed over the course of the year, to submit a letter-filing stating that they have not changed.*

On January 31, 2014,<sup>1</sup> the Commission issued its Order with an additional reporting requirement to:

4. *File annually the per-foot charge for service extensions of 1,000 feet or less using the Compatible Unit Estimator ("CUE") software program, sampling the Company's prior year service extension installations, and recalculating the dollar per-foot charge from the sample.*

Table 1 shows the per-foot unit cost and extension cost allowance by customer class for each tariff update submitted through 2024.

Table 1 - Service Extension Compliance Filing Data

		<b>Extension Cost Allowances for Customer Classes</b>			
<b>Effective Date</b>	<b>Unit Cost Per Foot</b>	<b>Residential</b>	<b>General Service</b>	<b>Municipal Pumping</b>	<b>Large Light &amp; Power</b>
9/17/24	37.00	\$751	\$1,020 (single phase) \$3,152 (three-phase)		\$30,000

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<sup>1</sup> Order Point 4 in Docket No. E015/M-12-1359.

<b>7/18/23</b>	\$32.00	\$682	\$934 (single phase) \$2,889 (three-phase)		\$30,000
<b>2/7/23</b>	\$24.00	\$628	\$827 (single phase) \$2,558 (three-phase)		\$30,000
<b>1/26/22</b>	\$17.00	\$770	\$1,000 (single phase) \$3,255 (three-phase)		\$30,000
<b>7/8/20</b>	\$20.00	\$770	\$1,000 (single phase) \$3,255 (three-phase)		\$30,000
<b>5/20/19<sup>2</sup></b>	\$20.00	\$770	\$1,000 (single phase) \$3,100 (three-phase)		\$30,000
<b>12/1/18<sup>3</sup></b>	\$17.00	\$668	\$1,000 (single phase) \$2,800 (three-phase)		\$30,000
<b>6/1/18</b>	\$17.00	\$668	\$1,545	\$1,545	\$30,000
<b>2/1/17</b>	\$10.00	\$615	\$1,545	\$1,545	\$30,000
<b>2/1/16</b>	\$13.95	\$615	\$1,545	\$1,545	\$30,000
<b>2/2/15</b>	\$16.58	\$615	\$1,545	\$1,545	\$30,000
<b>1/31/14</b>	\$12.00	\$615	\$1,545	\$1,545	\$30,000

In this Filing Minnesota Power provides the updated average embedded cost of service extensions separated for single-phase and three-phase service, the updated average embedded line extension cost calculation of the per-foot charge for service extensions of 1,000 feet or less, and the revised tariff sheet reflecting the new per-foot charge and the extension cost allowances proposed to be applicable for the period beginning with the date of issuance of an Order in this Docket through the date at which the Commission issues a subsequent order.

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<sup>2</sup> General Service and Municipal Pumping customer classes were combined consistent with the Commission's May 29, 2018 Order in Docket No. E015/GR-16-664. They are now all under General Service.

<sup>3</sup> Updated as part of implementation of final rates in the 2016 retail rate case (Docket No. E015/GR-16-664).

## II. AVERAGE EMBEDDED SERVICE EXTENSION COST

The calculation to update the average embedded cost of line extensions is provided for single-phase and three-phase service. It is derived from the embedded cost study methodology (“methodology”) used in the prior annual compliance filings submitted in this Docket. .

Using Minnesota Power’s 2024 FERC<sup>4</sup> Form 1 data, 2023 retail rate class approved allocation factors,<sup>5</sup> and rate base allocation to classification data from the class-cost-of-service study referenced in its 2023 retail rate case,<sup>6</sup> the calculated average embedded line extension cost provided as Attachment A is compared to the current rates in effect,<sup>7</sup> and summarized as follows:

- The service-extension cost for Residential customers has changed from \$751 to \$775;
- The service-extension cost for General Service customers has changed from \$1,020 to \$1,532 for single-phase, and from \$3,152 to \$4,735 for three-phase;
- The service-extension cost for Large Light and Power has changed from \$70,157 to \$51,812.

Compared to the current service-extension costs, this is an increase of 3.1 percent for single-phase Residential class customers. The General Service class cost increased by 33.4 percent for single-phase and increased by 33.4 percent for three-phase. The Large Light and Power rate class cost decreased by 26.1 percent. As shown in Table 2, Minnesota Power requests and recommends to:

- Maintain the service-extension allowance for the Residential class to \$751 since the variance did not exceed five percent.

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<sup>4</sup> Federal Energy Regulatory Commission.

<sup>5</sup> Allocation factors determined based on the decisions reflected in the November 25, 2024 Order in Docket No. E015/GR-23-155.

<sup>6</sup> Docket No. E015/GR-23-155, Compliance Filing Dated December 20, 2024, Compliance Schedule 13, Part 8b.

<sup>7</sup> Current Residential service-extension cost was approved by Commission Order dated September 17, 2024.

- Increase the General Service allowance to \$1,532 for single-phase and \$4,735 for three-phase since each variance exceeded five percent.
- Maintain the Large Light and Power allowance at \$30,000.<sup>8</sup>

Table 2 - Proposed Per-foot Charge & Cost Allowances

<b><i>Extension Cost Allowances for Customer Classes</i></b>			
<b>Unit Cost Per Foot</b>	<b>Residential</b>	<b>General Service</b>	<b>Large Light &amp; Power</b>
\$41.00*	\$751	\$1,532 (single phase) \$4,735 (three-phase)	\$30,000
* Proposed to be applicable beginning from the date of the Order in this Docket through the date at which the Commission issues a subsequent order.			

### **III. EXTENSION COST CALCULATION**

Similarly to 2024, Minnesota Power's sampling to calculate the single-phase line extension cost for service extensions of 1,000 feet or less includes 40 work orders for with the amount of work occurring in each of its work centers (Central, Northern and Western) weighted relatively evenly. This unit cost per foot calculation results in a proposed dollar amount that more accurately reflects what is being paid, on average, across Minnesota Power's service territory.

The cost for each of these was calculated using the CUE software program. Minnesota Power reviewed the CUE estimator and is proposing to update the rate to \$41.00<sup>9</sup> per foot as shown in Attachment B. With a continued drive for increased electrical reliability along with customers' desire for visually pleasing designs, more underground work is being performed. Underground projects require more specialized equipment, time, and

<sup>8</sup> The \$30,000 represents the extension-cost threshold triggering individual negotiations on cost recoupment and was set as the Large Light and Power allowance by Commission Order dated October 7, 2013, Order Point 3.

<sup>9</sup> Unadjusted CUE estimator costs of \$41.10.

labor. Additionally, inflationary factors continue to keep material and labor costs high, which all contributed to the increased cost per foot charges presented in this Filing.

The large variance to the service extension costs for General Service and Large Light and Power from the Company's May 31, 2024 *Request To Modify its Service Extension Tariff Petition*<sup>10</sup> is due to the use of new allocators approved by the Commission in Minnesota Power's most recent general rate case.<sup>11</sup> Table 3 shows the percentage difference in allocators used in comparison to the Company's 2021 general rate case allocators.<sup>12</sup>

Table 3- Change in Allocation Factors

Allocation Factor		Change in Allocation Factors					
		Wholesale	Residential	GS	LLP	LP	Lighting
Demand	PROD	-8%	0%	21%	0%	-2%	-23%
Demand	TRAN	-5%	3%	22%	-2%	-2%	-24%
Demand	DODBD	0%	-18%	58%	-20%	-27%	8%
Demand	DODSUB	0%	-20%	55%	-21%	0%	6%
Demand	DPOHL	0%	-20%	55%	-21%	0%	6%
Demand	DSOHL	0%	-21%	76%	-38%	0%	-30%
Demand	DPUGL	0%	-20%	55%	-21%	0%	6%
Demand	DSUGL	0%	-18%	81%	-36%	0%	-28%
Demand	DSOHS	0%	-21%	75%	-39%	0%	0%
Demand	DSUGS	0%	-18%	81%	-36%	0%	0%
Energy	PROD	-2%	9%	10%	0%	-3%	-24%
Customer	DPOHL	0%	0%	1%	1%	0%	-1%
Customer	DSOHL	0%	0%	1%	1%	0%	-1%
Customer	DPUGL	0%	0%	1%	1%	0%	-1%
Customer	DSUGL	0%	0%	1%	1%	0%	-1%
Customer	DSOHS	0%	0%	1%	1%	0%	-1%
Customer	DSUGS	0%	0%	1%	1%	0%	-1%
Customer	DSMETERS	-2%	0%	0%	0%	1%	0%
Customer	DSLEASED	0%	0%	0%	0%	0%	-100%
Customer	OMCACOUNT	5%	-1%	8%	-2%	-2%	-2%
Customer	OMSALES	0%	0%	0%	0%	0%	0%

<sup>10</sup> Order issued September 17, 2024 in Docket No. E015/M-12-1359.

<sup>11</sup> Order issued November 25, 2024, in Docket No. E015/GR-23-155.

<sup>12</sup> See Docket No. E015/GR-21-355.

#### **IV. TARIFF SHEET**

Redline and clean copies of the Extension Rules updating the per-foot unit cost and affirming cost allowance for single-phase and three-phase line extensions of 1,000 feet or less for each rate are included in this filing as Attachment C.

#### **V. CONCLUSION**

Minnesota Power's recommendations for the new extension cost allowances for the Residential, General Service and Large Light and Power customer classes are based on the calculation derived from the embedded cost study methodology used in the prior annual service extension tariff filings approved by the Commission. The Company respectfully requests the Commission approve the proposed new extension cost allowances, as identified in Table 2, to be applicable from the date of the Order in this Docket through the date at which the Commission issues a subsequent order.

Dated: May 29, 2025

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lori Hoyum".

Lori Hoyum  
*Rates Compliance Administrator*

Compliance Filing per Docket No. E-015/23-155  
2024 Embedded Line Extension Cost Calculation  
Allocation of Costs by Single-Phase and Three-Phase

Rate Class	Average Costs per Customer 1/			Number of Customers 2/			Number of Customers per FERC Form 1			Average Total Cost by Phase		Total Average Costs	Weighted Cost Allocators		Total Weighted Costs		Allowance by Phase																																					
	Total Costs	Single Phase	3Phase	Single Phase	3Phase	FERC Form 1	Single Phase	3Phase	[g] = [b] * [d]	[h] = [c] x [e]	[i] = [g] + [h]	[j] = [g] / [i]	[k] = [h] / [i]	[l] = [j] x [a]	[m] = [k] x [a]	Single Phase	3Phase	Single Phase	3Phase																																			
	[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]	[j]	[k]	[l]	[m]	[n]	[o]	[n] = [l] / [d]	[o] = [m] / [e]																																					
Residential	\$89,996,443	\$5,220	\$0	116,178	-	116,178	\$606,399,625	\$0	\$606,399,625	100%	0%	\$89,996,443	\$0	\$775																																								
General Service	\$51,815,249	\$4,959	\$15,331	15,821	5,825	21,646	\$78,449,546	\$89,306,224	\$167,755,770	47%	53%	\$24,230,956	\$27,584,293	\$1,532	\$4,735																																							
Large Light & Power	\$22,175,679	\$0	\$51,812	n/a	428	428	n/a	\$22,175,679	\$22,175,679	n/a	100%	n/a	\$22,175,679	n/a	\$51,812																																							
Large Power	\$0	\$0	\$0	n/a	8	8	n/a	n/a	\$0	n/a	n/a	n/a	n/a	n/a	n/a	n/a																																						
Lighting	\$8,275,411					6,173																																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; background-color: #d3d3d3;">Threshold</td> </tr> <tr> <td colspan="2" style="text-align: center; background-color: #d3d3d3;">4.50%      -4.50%</td> </tr> <tr> <td colspan="2"></td> </tr> <tr> <td colspan="2"></td> </tr> </table>																			Threshold		4.50%      -4.50%																																	
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<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center; background-color: #d3d3d3;">Allowances Currently in Place</td> <td colspan="2" style="text-align: center; background-color: #d3d3d3;">Change 4/</td> <td colspan="2" style="text-align: center; background-color: #90EE90;">Recommendation 5/</td> </tr> <tr> <td colspan="2" style="text-align: center;">Single Phase</td> <td colspan="2" style="text-align: center;">3 Phase</td> <td colspan="2" style="text-align: center;">Single Phase</td> </tr> <tr> <td style="text-align: center;">[p]</td> <td style="text-align: center;">[q]</td> <td style="text-align: center;">Single Phase</td> <td style="text-align: center;">3Phase</td> <td style="text-align: center;">Single Phase</td> <td style="text-align: center;">3 Phase</td> </tr> <tr> <td style="text-align: center;">\$775</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">3.1%</td> <td style="text-align: center;">0.0%</td> <td style="text-align: center;">751</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">n/a</td> <td style="text-align: center;">\$51,812</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">capped</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">\$30,000</td> </tr> <tr> <td style="text-align: center;">\$1,532</td> <td style="text-align: center;">\$4,735 <sup>3/</sup></td> <td style="text-align: center;">\$1,020</td> <td style="text-align: center;">\$3,152</td> <td style="text-align: center;">33.4%</td> <td style="text-align: center;">33.4%</td> </tr> </table>																			Allowances Currently in Place		Change 4/		Recommendation 5/		Single Phase		3 Phase		Single Phase		[p]	[q]	Single Phase	3Phase	Single Phase	3 Phase	\$775	n/a	3.1%	0.0%	751	n/a	n/a	\$51,812	n/a	capped	n/a	\$30,000	\$1,532	\$4,735 <sup>3/</sup>	\$1,020	\$3,152	33.4%	33.4%
Allowances Currently in Place		Change 4/		Recommendation 5/																																																		
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\$1,532	\$4,735 <sup>3/</sup>	\$1,020	\$3,152	33.4%	33.4%																																																	

[a] These costs come from the "Embedded Costs" tab (page 2 of 7), see Rate Class Totals (\$)

1/ The average costs per customer by phase come from the "GIS Data" tab, page 6 of 7

2/ The number of customers by single phase and 3 phase is determined by applying ratios generated from the "GIS data" tab (page 6 of 7) to FERC Form 1 number of customers (column [f]) which come from page 4 of 7

3/ GS and Muni Pump classes costs are combined, consistent with Docket No. E015/GR-16-664, MPUC Order dated May 29, 2018; therefore Municipal Pumpint class is eliminated

4/ The MPUC recommends that when the average embedded service-extension cost for any customer class change by at least five percent;

this change should be filed with the MPUC.

5/ The recommended allowances are set to rounded numbers

Compliance Filing per Docket No. E-015/23-155  
2024 Embedded Line Extension Cost Calculation  
Costs Allocation

FERC Account	Item	Gross Plant	Depreciation Reserve	CIAC	Net Plant Net of CIAC	Allocator	Residential	General Service	Large Light & Power	Large Power	Municipal Pumping	Lighting
364	Poles, Towers and Fixtures	\$156,255,759	[a]	\$108,316,180	[h]	\$6,911,054	[o]	\$41,028,524				
365	Overhead Conductors	\$117,833,907	[b]	\$76,600,744	[i]	\$3,851,069	[p]	\$37,382,094				
369-1	Services	\$5,887,838	[f]	\$5,760,236	[j]	\$443,452	[q]	-\$315,850				
	Net Overhead Lines					\$78,094,769						
	Allocated to:											
	Primary											
	Demand				\$27,699,805	DPOHL	\$8,987,792	\$11,391,794	\$7,199,921	\$0	\$0	\$120,298
	Customer				\$22,617,695	DPOHL	\$18,285,256	\$3,420,942	\$71,671	\$0	\$0	\$839,826
	Secondary											
	Demand				\$15,768,829	DSOHL	\$9,241,963	\$6,140,066	\$351,865	\$0	\$0	\$34,935
	Customer				\$12,324,289	DSOHL	\$9,992,214	\$1,715,057	\$9,213	\$0	\$0	\$607,806
	Services											
	Demand				-\$109,218	DSOHS	(\$64,154)	(\$42,622)	(\$2,443)	\$0	\$0	\$0
	Customer				-\$206,632	DSOHS	(\$167,532)	(\$28,755)	(\$154)	\$0	\$0	(\$10,191)
366	Underground Conduit	\$14,938,746	[c]	\$3,940,070	[k]	\$762,226	[r]	\$10,236,451				
367	Underground Conductors	\$139,461,745	[d]	\$52,017,391	[l]	\$15,089,872	[s]	\$72,354,482				
369-2	Services	\$12,686,804	[g]	\$5,760,236	[m]	\$822,081	[t]	\$6,104,486				
	Net Underground Lines					\$88,695,420						
	Allocated to:											
	Primary											
	Demand				\$47,949,097	DPUGL	\$15,558,107	\$19,719,497	\$12,463,253	\$0	\$0	\$208,240
	Customer				\$25,752,553	DPUGL	\$20,819,630	\$3,895,092	\$81,604	\$0	\$0	\$956,227
	[a] These costs come from the "Embedded Costs" tab (page 3 of 8), see Rate Class Totals (\$)											
	Demand				\$7,989,831	DSUGL	\$3,395,045	\$3,288,488	\$1,302,269	\$0	\$0	\$4,029
	Customer				\$899,453	DSUGL	\$689,186	\$190,680	\$6,421	\$0	\$0	\$13,166
	Services											
	Demand				\$4,158,672	DSUGS	\$1,767,998	\$1,712,507	\$678,167	\$0	\$0	\$0
	Customer				\$1,945,815	DSUGS	\$1,490,938	\$412,503	\$13,890	\$0	\$0	\$28,483
373	Street Lighting	\$ 8,314,421	[e]	\$2,690,632	[n]	\$151,196	[u]	\$5,472,593				

Rate Class Totals (\$)												
Distribution System		\$166,790,189		\$89,996,443	\$51,815,249	\$22,175,679	\$0	\$0	\$8,275,411			
Services				\$86,969,193	\$49,761,616	\$21,486,218	\$0	\$0	\$8,257,119	\$158,217,026	\$71,247,833	
Total Plant Net of CIAC				\$3,027,250	\$2,053,633	\$689,461	\$0	\$0	\$18,292	\$5,770,344	\$2,743,094	

Number of Customers												
		\$172,262,782										
		144,425		116,178	21,646	428	8	0	6,173	138,252	22,074	

Average Embedded Cost (\$/customer)												
Distribution System		\$775	\$2,394	\$51,812		\$0				\$1,186	\$3,352	
Services		\$749	\$2,299	\$50,201		\$0						
		\$26	\$95	\$1,611	\$0					\$3		

GS = General Service  
LL&P = Large Light & Power

Average Distribution System Cost for GS, & LL&P	\$54,206
Average Number of Customers for GS, & LL&P	22,074
Average Cost per Customer for GS, & LL&P	\$2,456

General Service		
Distribution System	#####	[v]
Services	\$2,053,633	[w]
Number of Customers	21,646	[x]
Average Embedded Cost (\$/cust)	\$2,394	[y]

**Compliance Filing per Docket No. E-015/23-155**  
**2024 Embedded Line Extension Cost Calculation**  
**Source of Data of page 2 of 7**

**Source:**

- [a] 2024 FERC Form 1, Page 207, L 64, Col g
- [b] 2024 FERC Form 1, Page 207, L 65, Col g
- [c] 2024 FERC Form 1, Page 207, L 66, Col g
- [d] 2024 FERC Form 1, Page 207, L 67; Col g
- [e] 2024 FERC Form 1, Page 207, L 73; Col g
- [f] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Accum Cost, Asset 3691
- [g] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Accum Cost, Account 3692
- [h] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3640
- [i] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3650 & 3651
- [j] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3691
- [k] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3660
- [l] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3670
- [m] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3692
- [n] Net Value Report by Utility Account; (note for Property Acc: Filter Functional Class= Distribution Electric) Alloc Reserve, Account 3730
- [o] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3640
- [p] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3650 & 3651
- [q] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3691
- [r] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3660
- [s] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3670
- [t] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3692
- [u] CIAC report from Property Accounting; (note for Property Accounting: PA WO# In Ser CIAC) Account 3730

**Compliance Filing per Docket No. E-015/23-155**  
**2024 Embedded Line Extension Cost Calculation**  
**Customer Count 1/**

Rate Schedule		
Title	Number	Customers
Residential	<b>20 &amp; 22 &amp; 28</b>	<b>113,141</b>
Residential Seasonal Service	<b>23</b>	<b>3,037</b>
Sub Total		<b>116,178</b>
General Service	<b>25 &amp; 29</b>	<b>21,646</b>
Sub Total		<b>21,646</b>
Large Light & Power	<b>75</b>	<b>428</b>
Sub Total		<b>428</b>
Large Power	<b>74</b>	<b>8</b>
Sub Total		<b>8</b>
Municipal Pumping	<b>87</b>	<b>-</b>
Sub Total		<b>-</b>
Outdoor Lighting	<b>76</b>	<b>79</b>
Area Lighting	<b>77</b>	<b>5,496</b>
Highway Lighting	<b>80</b>	<b>77</b>
Overhead Lighting	<b>83</b>	<b>416</b>
Ornamental Lighting	<b>84</b>	<b>105</b>
Sub Total		<b>6,173</b>
<b>Grand Total</b>		<b>144,433</b>

Compliance Filing per Docket No. E-015/23-155  
2024 Embedded Line Extension Cost Calculation  
Approved Rate Class Allocation

Line	ALLOC	Description	Total Company	Wholesale	Total Retail	Residential	General Service	Large Light & Power	Large Power	Municipal Pumping	Lighting
1	Demand	PROD	Production Power Supply	100,000	11,348	88,652	14,750	10,327	14,824	48,618	- 133
2	Demand	TRAN	Transmission	100,000	17,407	82,593	12,001	9,304	13,485	47,730	- 73
3	Demand	DODBD	Sub-Transmission	847,789	239,987	607,802	187,227	237,486	164,149	16,434	- 2,506
4	Demand	DODSUB	Distribution Substations	575,127	-	575,127	186,612	236,526	149,491	-	- 2,498
5	Demand	DPOHL	Primary Overhead Lines	563,905	-	563,905	182,971	231,911	146,574	-	- 2,449
6	Demand	DSOHL	Secondary Overhead Lines	908,624	-	908,624	532,536	353,800	20,275	-	- 2,013
7	Demand	DPUGL	Primary Underground Lines	563,905	-	563,905	182,971	231,911	146,574	-	- 2,449
8	Demand	DSUGL	Secondary Underground Lines	696,125	-	696,125	295,798	286,514	113,462	-	- 351
9	Demand	DSOHS	Overhead Services	906,611	-	906,611	532,536	353,800	20,275	-	-
10	Demand	DSUGS	Underground Services	695,774	-	695,774	295,798	286,514	113,462	-	-
11	Energy	PROD	Power Supply Production Energy E8760	100,000	14,090	85,910	12,787	8,604	13,229	51,189	- 101
12	Customer	DPOHL	Primary Overhead Lines	139,801	-	139,801	113,022	21,145	443	-	- 5,191
13	Customer	DSOHL	Secondary Overhead Lines	89,623	-	89,623	72,664	12,472	67	-	- 4,420
14	Customer	DPUGL	Primary Underground Lines	139,801	-	139,801	113,022	21,145	443	-	- 5,191
15	Customer	DSUGL	Secondary Underground Lines	52,671	-	52,671	40,358	11,166	376	-	- 771
16	Customer	DSOHS	Overhead Services	89,623	-	89,623	72,664	12,472	67	-	- 4,420
17	Customer	DSUGS	Underground Services	52,671	-	52,671	40,358	11,166	376	-	- 771
18	Customer	DSMETERS	Customers Meters	71,133,433	791,278	70,342,155	53,915,249	13,550,436	877,873	1,866,676	- 131,921
19	Customer	DSLEASED	Leased Property	3,222,813	3,222,813	-	-	-	-	-	-
20	Customer	OMCACCOL	Customer Accounts	6,344,949	54,529	6,290,420	5,152,991	959,849	67,997	65,272	- 44,311
21	Customer	OMSALES	Customer Sales	100,000	-	100,000	100,000	-	-	-	-

Source:

Docket No. E015/GR-23-155; Compliance Filing Schedule 13, Cost of Service Study Part 8a

**Compliance Filing per Docket No. E-015/23-155**  
**2024 Embedded Line Extension Cost Calculation**  
**Customer Count by Phase and Average Extension Costs by Type**

Customer Count by Phase			2024 Average Cost of a Service Extension		
Residential	Number of Customers	Ratio	2018 Average Costs 2/	2024 Handy Whitman Adjustment Factor	2024 Adjusted Average Costs
Single Phase	132,547 <sup>1/</sup>	100.00%			
Three Phase	-	0.00%	Residential Single Overhead Residential Single Underground Commercial Single Overhead Commercial Single Underground Commercial 3Phase Overhead Commercial 3Phase Underground	\$2,701 \$4,663 \$1,951 \$5,045 \$8,111 \$13,520	\$3,682 1.417 \$5,220 \$4,959 \$15,331
General Service	Number of Customers	Ratio			
Single Phase	15,559 <sup>1/</sup>	73.09%			
Three Phase	5,729 <sup>1/</sup>	26.91%			
	21,288	100.00%			

1/ 2024 GIS Report Rate Class Service Points Count

2/ Average costs of service extension calculated using Minnesota Power Compatible Unit Estimator (CUE) and adjusted for 2024 using the HWI factor.

This estimator was approved to calculate the annual per-foot charge for services under or equal to 1,000 feet

Commission Order dated January 31, 2014, Page 4, Order Point 4. For 2024, it was adjusted using the Handy Whitman factor

**Compliance Filing per Docket No. E-015/23-155**  
**2024 Embedded Line Extension Cost Calculation**  
**2024 Approved Test Year Rate Base Allocation to Classification**

Overhead Lines	DPOHL	Primary	Demand Customer	53,380,153 43,586,444	35.33% 1/ 28.85% 2/
	DSOHL	Secondary	Demand Customer	30,388,030 23,750,075 <u>151,104,702</u>	20.11% 3/ 15.72% 4/ <u>100.00%</u>
Underground Lines	DPUGL	Primary	Demand Customer	66,463,248 35,696,154	58.06% 5/ 31.18% 6/
	DSUGL	Secondary	Demand Customer	11,074,872 1,246,750 <u>114,481,024</u>	9.67% 7/ 1.09% 8/ <u>100.00%</u>
Services	DSOHS	Overhead	Demand Customer	2,058,274 3,894,078 <u>5,952,352</u>	34.58% 9/ 65.42% 10/ <u>100.00%</u>
	DSUGS	Underground	Demand Customer	8,278,598 3,873,501 <u>12,152,099</u>	68.12% 11/ 31.88% 12/ <u>100.00%</u>

Source: Docket E015/GR-23-155, Cost of Service Workpapers

1/ Compliance Schedule 13, part 6a

1/ Compliance Schedule 13, part 6a  
1/ Compliance Schedule 13, part 6a  
1/ Compliance Schedule 13, part 6a  
1/ Compliance Schedule 13, part 6a  
1/ Compliance Schedule 13, part 6a  
1/ Compliance Schedule 13, part 6a

[a] Line No.	[b] Work Order No.	[c] Footage	[d] Estimate Using the CUE	[e] Actual Cost of Ext. Service	[f] Cost Per Foot
1	4995344	54	\$3,922	\$2,775	\$51.39
2	4970701	520	\$8,032	\$7,544	\$14.51
3	4995320	5	\$5,401	\$3,566	\$713.26
4	5063633	15	\$2,690	\$1,447	\$96.49
5	5027555	340	\$5,577	\$3,078	\$9.05
6	5061307	250	\$18,905	\$15,621	\$62.49
7	4940696	15	\$5,528	\$5,339	\$355.91
8	5092472	15	\$4,187	\$2,516	\$167.72
9	5053177	54	\$5,323	\$3,026	\$56.04
10	5001016	158	\$6,847	\$6,134	\$38.82
11	4972996	783	\$8,335	\$5,271	\$6.73
12	5053305	337	\$4,929	\$3,840	\$11.40
13	4974276	70	\$6,157	\$7,212	\$103.03
14	5017500	100	\$15,501	\$12,128	\$121.28
15	5019435	460	\$11,952	\$5,829	\$12.67
16	4972997	35	\$3,993	\$2,621	\$74.88
17	4986866	29	\$4,680	\$3,942	\$135.94
18	4984240	177	\$10,625	\$11,437	\$64.62
19	4953561	55	\$5,310	\$5,466	\$99.39
20	5070301	10	\$4,106	\$3,704	\$370.36
21	5094231	80	\$4,277	\$3,174	\$39.67
22	4998591	150	\$7,241	\$6,529	\$43.53
23	4959339	5	\$4,407	\$3,897	\$779.46
24	4979345	10	\$1,795	\$2,370	\$236.97
25	4956859	85	\$4,935	\$4,304	\$50.63
26	4977606	155	\$4,984	\$8,782	\$56.66
27	5045930	80	\$4,243	\$6,010	\$75.12
28	5011596	30	\$2,844	\$3,769	\$125.64
29	4856221	39	\$5,059	\$3,506	\$89.90
30	5071948	377	\$16,392	\$9,438	\$25.03
31	4971047	70	\$10,907	\$6,202	\$88.60
32	5065152	10	\$3,684	\$2,649	\$264.86
33	5105149	93	\$988	\$477	\$5.13
34	5040357	229	\$16,402	\$14,799	\$64.62
35	5015170	249	\$10,161	\$8,455	\$33.96
36	4977774	68	\$5,488	\$5,176	\$76.12
37	5077669	124	\$8,813	\$5,974	\$48.18
38	5043500	468	\$15,543	\$22,375	\$47.81
39	5074149	71	\$7,433	\$6,971	\$98.18
40	5015423	56	\$9,521	\$6,409	\$114.45
<b>TOTAL</b>		5,931.00	\$287,117	\$243,762	

[1] Average estimated cost per foot **\$48.41**  
[2] Average actual cost per foot **\$41.10**

[1] (Total of Column [d] / Total of Column [c])

[2] (Total of Column [e] / Total of Column [f])

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## EXTENSION RULES

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### I. GENERAL

The following rules shall govern the extension of Company's electric transmission/distribution lines and service connections in all areas served by Company to all classes of retail Customers requiring Company's standard single or three phase electric transmission/distribution service.

The standard type of extension shall be the most feasible and economical as determined by the Company and shall be constructed in accordance with Company's Distribution Construction Standards. When conditions require extensions from or connections to lines of voltages other than the standard voltage or where line construction other than Company's standard construction is required, Company reserves the right to make adjustments to these rules for such non-standard extensions such that adequate revenues are provided to fund the extension cost for a single point of delivery. The Company's standard extension does not include a second service point.

Except when meter pedestals for underground service have been installed, all facilities installed by Company on either side of the service point and not expressly sold and conveyed to Customers by written agreement shall at all times remain the sole property of Company, regardless of any Contributions in Aid of Construction paid by Customers. When meter pedestals have been installed by Company, Customer shall be responsible for installing and will remain the sole property owner of all facilities on Customer's side of the meter. In case of cancellation of Customer's service agreement for any cause, Company shall have the right to remove all facilities installed for serving Customer.

Service will be supplied in accordance with Company's schedules for the respective classes of service in the respective rate areas, Company's Electric Service Regulations and the provisions of these Extension Rules.

### II. EXTENSION COST

The "Extension Cost" is the estimated cost of extending lines and the addition or relocation of facilities to serve new Customers or new loads. This shall be the total cost of extending the line, including all branch or lateral lines, but excluding the cost of transformer, meter and any system betterments. The Extension Cost shall include the customer's choice of either an overhead or underground service point and estimation of special condition costs anticipated.

### III. EXTENSION COST CALCULATION

The Extension Cost shall be calculated by Company as follows:

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Filing Date: May 31, 2024 & November 1, 2023

MPUC Docket No.: E015/M-12-1359 & E015/GR-23-155

Effective Date: September 17, 2024 & March 1, 2025

Order Date: September 17, 2024 & November 25, 2024

## EXTENSION RULES

1. All single phase line extensions of 1,000 feet or less shall be calculated using a unit cost of \$3741.00 per foot. The unit cost of \$3741.00 per foot may be adjusted for non-standard extensions or special conditions.
2. All single phase line extensions over 1,000 feet and all three phase line extensions shall be estimated based on Company's Compatible Unit Estimator (CUE). The CUE consists of Compatible Units Identifications (CU IDs), which contain descriptions and costs of service-extension components such as distribution materials, labor, and vehicle usage. The service-extension designer chooses the necessary CU IDs needed for the line extension. A total job cost is estimated using the CUE based on data for the applicable CU IDs. The distribution material cost is the actual cost of items listed in the Company's inventory data base, based on actual purchase prices. The labor cost is based on one lead lineman and two linemen, the typical crew used to install a new service extension. The vehicle use cost is based on a percentage of labor based on prior year actual labor overheads.

## IV. CONTRIBUTIONS

The "Contribution in Aid of Construction," hereafter referred to as Contribution, is the amount required to support the Company's Extension Cost excluding allowance if applicable and including any applicable fees. Where a line extension other than Company's standard type extension is requested by the customer, a Contribution shall be required to support all additional costs of such non-standard extension. A customer may request an upgrade to existing service or an additional service point. An advanced Contribution is required to support costs of all additional facilities requested by the customer.

Any customer may pay all or part of a Contribution required of another Customer with such other Customer's authorization, and subject to acceptance by Company.

## V. BASIS FOR MAKING EXTENSIONS FOR PERMANENT SERVICE WHERE EXTENSION COSTS ARE \$30,000 OR LESS

If the Company's standard type construction is used in making the extension, Customer shall not be required to make payment to Company for the Extension Cost if:

The Extension Cost is for a Residential customer and does not exceed \$751 for single-phase;

The Extension Cost is for a General Service or Commercial Electric Vehicle Charging Service customer and does not exceed \$1,0201,532 for single-phase and \$3,1524,735 for three-phase; or

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Effective Date: September 17, 2024 & March 1, 2025

Order Date: September 17, 2024 & November 25, 2024

Approved by: Leah N. Peterson  
Leah N. Peterson  
Manager – Customer Analytics

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## EXTENSION RULES

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The Extension Cost is for a Large Light and Power customer and does not exceed \$30,000.

If the extension cost exceeds the respective rate class service-extension allowance specified above and is for single phase service, customer must pay the Company in advance a Contribution for the Extension Cost in excess of the respective rate class service-extension allowance.

If the Extension Cost exceeds the respective rate class service-extension allowance specified above and is for three phase non-refundable line extension service, Customer has the following options:

1. Pay Company in advance a Contribution for the Extension Cost in excess of the rate class service-extension allowance, or
2. No advance contribution for extension costs will be required, if the customer enters into a five year Electric Service Agreement where the Company's costs relating to the entire extension are equal to or less than three times the Customer's Guaranteed Annual Revenues (GAR), as defined below, or
3. If the Customer enters into a five-year Electric Service Agreement where the Company's costs relating to the entire extension are greater than three times the Customer's guaranteed annual revenues, the Customer will be required to pay the Company in advance a Contribution for the balance of the Extension Cost not supported by GAR.

The Guaranteed Annual Revenue (GAR) is the minimum annual amount of revenue from billings under the applicable rate schedule that a Customer who enters into an Electric Service Agreement (ESA) commits to pay to Minnesota Power to support extension costs for installing a three phase line extension.

To determine the required GAR, the Company estimates the costs of the service extension from which the revenue is derived. The service-extension job is estimated using the Compatible Unit Estimator (CUE). The cost estimate is divided by three according to the three-times-annual-revenue methodology. This is the annual amount the Customer will pay under the GAR agreement.

The GAR used in the ESA shall be estimated by the Company and determined under the existing rate schedule for providing service to the Customer.

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Approved by: Leah N. Peterson  
Leah N. Peterson  
Manager – Customer Analytics

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## EXTENSION RULES

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### Developers of Residential Housing Sites

A Developer of residential housing sites requiring electric service must make a Contribution equal to the Extension Cost. As customers are connected Developer is entitled to receive a refund for each customer connected of the current residential allowance amount. However, in no event will the total refund exceed the Contribution. After Developer has received the maximum allowable refund or after the initial five years, whichever occurs first, customers requesting service to additional lots for which the extension was made shall make appropriate arrangements directly with Company in order to satisfy additional extension costs related to the respective service connections.

## VI. BASIS FOR MAKING EXTENSIONS FOR TEMPORARY SERVICE

“Temporary Service,” for purposes of these Extension Rules, is service to a Customer whose use of that service, in the Company’s judgment, may be of less than five years duration, or is service to a Customer who is unwilling to enter into an Electric Service Agreement having a minimum term of five years.

Customers expected to take service for less than one year duration shall be required to take such service in accordance with Company’s Temporary Service Rider to the applicable General Service Schedules.

Customers expected to take Temporary Service for more than one year but less than five years will be served under the Company’s standard rate schedules. Such customers with requirements of 500 kW or more shall enter into a contract for a minimum term of one year.

Prior to installation Temporary Service Customers shall pay a Contribution equal to the estimated cost of installation and removal of the facilities required to render Temporary Service.

A connection to a permanent service for power used during construction is not considered to be Temporary Service under these rules.

## VII. REAPPORTIONMENT AND REFUNDS

When the Extension Cost is \$30,000 or less and additional Customer(s) are connected to a line extension during the initial five year period of any Customer on the extension, the Extension Cost(s) of all previously connected Customer(s) on the extension will be reapportioned among all Customers served from the combined line extension, including the Customer(s) who are being added to the extension. The reapportionment shall be calculated such that each individual customer on the line extension shall be responsible for:

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Approved by: Leah N. Peterson  
Leah N. Peterson  
Manager – Customer Analytics

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## EXTENSION RULES

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1. The cost of that portion of the extension which services only that individual Customer; plus
2. The cost of that portion of the line extension which that individual Customer shares with other Customers on the line extension divided by the total number of Customers who share such portion of the line extension.

After reapportionment it will be determined whether the previously connected Customer(s) are entitled to a refund. If a refund is due, the amount to be refunded shall be the difference between the previous and reapportioned Extension Costs, provided that such refunds will not:

1. Exceed the actual Contribution paid by the respective Customer.
2. Be made to any Customer after the expiration of the initial five year period of that Customer.
3. Be made after Customer terminates service.

When a Customer who has paid a Contribution terminates service within the initial five year period and another Customer immediately commences taking service at the same premises, such Customer may transfer his right to future refunds, if any, to the new Customer, provided an agreement covering such transfer is executed by the Customers and accepted by the Company at the time the new Customer applies for service.

Following the initial five year period of the most recently connected Customer(s) on the extension, any line extension necessary to serve additional Customers will be considered as a separate extension not affecting Customers connected previously.

When the Extension Cost is \$30,000 or less and the Customer has entered into an Electric Service Agreement and paid a Contribution, the Company will, through its Customer Information System, at the end of the each year of the Electric Service Agreement, compare the Customer's average annual revenue for the first year and thereafter, to the minimum annual revenue which Customer elected to guarantee. The Company will, at the election of the Customer:

1. Collect an additional contribution from the Customer not to exceed an amount equal to the difference between the extension cost supported by the revenue for the first year and the extension cost supported by the minimum annual revenue the Customer elected to guarantee; or

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Approved by: Leah N. Peterson  
Leah N. Peterson  
Manager – Customer Analytics

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## EXTENSION RULES

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2. Continue the minimum guaranteed annual revenues set forth in the existing Electric Service Agreement.

In no event will the minimum annual guarantee be greater than the amount necessary to satisfy the Extension Cost.

## VIII. SPECIAL CONDITIONS

Construction of an extension will commence when the following conditions have been met.

1. Agreements, when required, shall have been executed by each Customer and accepted by Company specifying initial contract period, guaranteed annual revenue, and any Contribution.
2. Each Customer has paid to Company his share of any Contribution.
3. Satisfactory right-of-way necessary for the construction, operation and maintenance of the extension (including any vegetation management rights) both for the purpose of providing access to the extension on Customers' premises and for continuing the extension to other Customers, has been furnished without expense to the Company.
4. Each Customer has made satisfactory credit arrangements with the Company. In the case of tenants, the Company may require owner to guarantee payment.
5. The extension cost will include excess installation costs incurred by the Company because of special conditions that impede the installation of distribution facilities. Such special conditions include, but are not limited to ground frost, surface or subsurface impediments and submarine installations. Surface or subsurface impediments may include, but are not limited to: rock, bedrock, subsurface structures and wetlands.
6. Winter charges will be assessed October 15 through April 1 of each year. In no event will Customer costs exceed line extension costs.

## IX. BASIS FOR MAKING DISTRIBUTION EXTENSIONS FOR PERMANENT SERVICE WHERE EXTENSION COSTS EXCEED \$30,000

The above rules shall be applicable except where specifically stated otherwise and except that the Extension Cost will be the actual cost determined upon completion of the extension. The amount of Extension Costs relating to the extension which will be recovered by the Company through application of its rate schedule will be determined on an individual customer basis. Electric Service Agreements will be required and will be for

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Leah N. Peterson  
Manager – Customer Analytics

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## EXTENSION RULES

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sufficient duration and at sufficient revenue levels to support extension and other costs required to provide service.

If the Extension Cost exceeds the Extension Cost Credit as determined by the Company, the Customer(s) shall pay the Company a Contribution equal to the amount of the Extension Cost that exceeds the Extension Cost Credit. Where more than one Customer is served from the extension, the Contribution will be apportioned in the ratio of each Customer's Contract Demand to total Contract Demand for all Customers initially served from the extension. If there are circumstances unique to an extension in which application of the above rules would not be appropriate or would not properly recover costs, the Company will make necessary adjustments in the application of the rules such that adequate revenues are provided to fund Extension Costs through a combination of Extension Cost Credits and/or Contributions. Similarly, any refund which may be due, as a result of increased Customer Contract Demand during the initial ten year period, or as a result of additional Customers being served subsequently but during the initial ten year period, will be determined by the Company based upon all relevant dates such that revenue recovery is adequate to fund the Extension Costs through a combination of Extension Cost Credits and/or Contributions.

### X. BASIS FOR MAKING TRANSMISSION EXTENSIONS FOR PERMANENT SERVICE

"Transmission" service for purposes of these Extension Rules is service to a Customer taken at 115 kV or higher. Customer connections involving loads served at transmission voltage will be considered on an individual customer basis. Electric Service Agreements will be required and will be of sufficient duration and at sufficient revenue levels to support extension and other costs required to provide service.

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Filing Date: May 31, 2024 & November 1, 2023

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Order Date: September 17, 2024 & November 25, 2024

Approved by: Leah N. Peterson  
Leah N. Peterson  
Manager – Customer Analytics

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## EXTENSION RULES

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### I. GENERAL

The following rules shall govern the extension of Company's electric transmission/distribution lines and service connections in all areas served by Company to all classes of retail Customers requiring Company's standard single or three phase electric transmission/distribution service.

The standard type of extension shall be the most feasible and economical as determined by the Company and shall be constructed in accordance with Company's Distribution Construction Standards. When conditions require extensions from or connections to lines of voltages other than the standard voltage or where line construction other than Company's standard construction is required, Company reserves the right to make adjustments to these rules for such non-standard extensions such that adequate revenues are provided to fund the extension cost for a single point of delivery. The Company's standard extension does not include a second service point.

Except when meter pedestals for underground service have been installed, all facilities installed by Company on either side of the service point and not expressly sold and conveyed to Customers by written agreement shall at all times remain the sole property of Company, regardless of any Contributions in Aid of Construction paid by Customers. When meter pedestals have been installed by Company, Customer shall be responsible for installing and will remain the sole property owner of all facilities on Customer's side of the meter. In case of cancellation of Customer's service agreement for any cause, Company shall have the right to remove all facilities installed for serving Customer.

Service will be supplied in accordance with Company's schedules for the respective classes of service in the respective rate areas, Company's Electric Service Regulations and the provisions of these Extension Rules.

### II. EXTENSION COST

The "Extension Cost" is the estimated cost of extending lines and the addition or relocation of facilities to serve new Customers or new loads. This shall be the total cost of extending the line, including all branch or lateral lines, but excluding the cost of transformer, meter and any system betterments. The Extension Cost shall include the customer's choice of either an overhead or underground service point and estimation of special condition costs anticipated.

### III. EXTENSION COST CALCULATION

The Extension Cost shall be calculated by Company as follows:

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Filing Date: May 29, 2025

MPUC Docket No.: E015/M-12-1359

Effective Date: \_\_\_\_\_

Order Date: \_\_\_\_\_

Approved by: Leah N. Peterson  
**Leah N. Peterson**  
Manager – Customer Analytics

## **EXTENSION RULES**

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1. All single phase line extensions of 1,000 feet or less shall be calculated using a unit cost of \$41.00 per foot. The unit cost of \$41.00 per foot may be adjusted for non-standard extensions or special conditions.
2. All single phase line extensions over 1,000 feet and all three phase line extensions shall be estimated based on Company's Compatible Unit Estimator (CUE). The CUE consists of Compatible Units Identifications (CU IDs), which contain descriptions and costs of service-extension components such as distribution materials, labor, and vehicle usage. The service-extension designer chooses the necessary CU IDs needed for the line extension. A total job cost is estimated using the CUE based on data for the applicable CU IDs. The distribution material cost is the actual cost of items listed in the Company's inventory data base, based on actual purchase prices. The labor cost is based on one lead lineman and two linemen, the typical crew used to install a new service extension. The vehicle use cost is based on a percentage of labor based on prior year actual labor overheads.

## **IV. CONTRIBUTIONS**

The "Contribution in Aid of Construction," hereafter referred to as Contribution, is the amount required to support the Company's Extension Cost excluding allowance if applicable and including any applicable fees. Where a line extension other than Company's standard type extension is requested by the customer, a Contribution shall be required to support all additional costs of such non-standard extension. A customer may request an upgrade to existing service or an additional service point. An advanced Contribution is required to support costs of all additional facilities requested by the customer.

Any customer may pay all or part of a Contribution required of another Customer with such other Customer's authorization, and subject to acceptance by Company.

## **V. BASIS FOR MAKING EXTENSIONS FOR PERMANENT SERVICE WHERE EXTENSION COSTS ARE \$30,000 OR LESS**

If the Company's standard type construction is used in making the extension, Customer shall not be required to make payment to Company for the Extension Cost if:

The Extension Cost is for a Residential customer and does not exceed \$751 for single-phase;

The Extension Cost is for a General Service or Commercial Electric Vehicle Charging Service customer and does not exceed \$1,532 for single-phase and \$4,735 for three-phase; or

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Filing Date: May 29, 2025

MPUC Docket No.: E015/M-12-1359

Effective Date: \_\_\_\_\_

Order Date: \_\_\_\_\_

Approved by: Leah N. Peterson  
**Leah N. Peterson**  
Manager – Customer Analytics

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## EXTENSION RULES

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The Extension Cost is for a Large Light and Power customer and does not exceed \$30,000.

If the extension cost exceeds the respective rate class service-extension allowance specified above and is for single phase service, customer must pay the Company in advance a Contribution for the Extension Cost in excess of the respective rate class service-extension allowance.

If the Extension Cost exceeds the respective rate class service-extension allowance specified above and is for three phase non-refundable line extension service, Customer has the following options:

1. Pay Company in advance a Contribution for the Extension Cost in excess of the rate class service-extension allowance, or
2. No advance contribution for extension costs will be required, if the customer enters into a five year Electric Service Agreement where the Company's costs relating to the entire extension are equal to or less than three times the Customer's Guaranteed Annual Revenues (GAR), as defined below, or
3. If the Customer enters into a five-year Electric Service Agreement where the Company's costs relating to the entire extension are greater than three times the Customer's guaranteed annual revenues, the Customer will be required to pay the Company in advance a Contribution for the balance of the Extension Cost not supported by GAR.

The Guaranteed Annual Revenue (GAR) is the minimum annual amount of revenue from billings under the applicable rate schedule that a Customer who enters into an Electric Service Agreement (ESA) commits to pay to Minnesota Power to support extension costs for installing a three phase line extension.

To determine the required GAR, the Company estimates the costs of the service extension from which the revenue is derived. The service-extension job is estimated using the Compatible Unit Estimator (CUE). The cost estimate is divided by three according to the three-times-annual-revenue methodology. This is the annual amount the Customer will pay under the GAR agreement.

The GAR used in the ESA shall be estimated by the Company and determined under the existing rate schedule for providing service to the Customer.

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Manager – Customer Analytics

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## EXTENSION RULES

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### Developers of Residential Housing Sites

A Developer of residential housing sites requiring electric service must make a Contribution equal to the Extension Cost. As customers are connected Developer is entitled to receive a refund for each customer connected of the current residential allowance amount. However, in no event will the total refund exceed the Contribution. After Developer has received the maximum allowable refund or after the initial five years, whichever occurs first, customers requesting service to additional lots for which the extension was made shall make appropriate arrangements directly with Company in order to satisfy additional extension costs related to the respective service connections.

## **VI. BASIS FOR MAKING EXTENSIONS FOR TEMPORARY SERVICE**

“Temporary Service,” for purposes of these Extension Rules, is service to a Customer whose use of that service, in the Company’s judgment, may be of less than five years duration, or is service to a Customer who is unwilling to enter into an Electric Service Agreement having a minimum term of five years.

Customers expected to take service for less than one year duration shall be required to take such service in accordance with Company’s Temporary Service Rider to the applicable General Service Schedules.

Customers expected to take Temporary Service for more than one year but less than five years will be served under the Company’s standard rate schedules. Such customers with requirements of 500 kW or more shall enter into a contract for a minimum term of one year.

Prior to installation Temporary Service Customers shall pay a Contribution equal to the estimated cost of installation and removal of the facilities required to render Temporary Service.

A connection to a permanent service for power used during construction is not considered to be Temporary Service under these rules.

## **VII. REAPPORTIONMENT AND REFUNDS**

When the Extension Cost is \$30,000 or less and additional Customer(s) are connected to a line extension during the initial five year period of any Customer on the extension, the Extension Cost(s) of all previously connected Customer(s) on the extension will be reapportioned among all Customers served from the combined line extension, including the Customer(s) who are being added to the extension. The reapportionment shall be calculated such that each individual customer on the line extension shall be responsible for:

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## EXTENSION RULES

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1. The cost of that portion of the extension which services only that individual Customer; plus
2. The cost of that portion of the line extension which that individual Customer shares with other Customers on the line extension divided by the total number of Customers who share such portion of the line extension.

After reapportionment it will be determined whether the previously connected Customer(s) are entitled to a refund. If a refund is due, the amount to be refunded shall be the difference between the previous and reapportioned Extension Costs, provided that such refunds will not:

1. Exceed the actual Contribution paid by the respective Customer.
2. Be made to any Customer after the expiration of the initial five year period of that Customer.
3. Be made after Customer terminates service.

When a Customer who has paid a Contribution terminates service within the initial five year period and another Customer immediately commences taking service at the same premises, such Customer may transfer his right to future refunds, if any, to the new Customer, provided an agreement covering such transfer is executed by the Customers and accepted by the Company at the time the new Customer applies for service.

Following the initial five year period of the most recently connected Customer(s) on the extension, any line extension necessary to serve additional Customers will be considered as a separate extension not affecting Customers connected previously.

When the Extension Cost is \$30,000 or less and the Customer has entered into an Electric Service Agreement and paid a Contribution, the Company will, through its Customer Information System, at the end of the each year of the Electric Service Agreement, compare the Customer's average annual revenue for the first year and thereafter, to the minimum annual revenue which Customer elected to guarantee. The Company will, at the election of the Customer:

1. Collect an additional contribution from the Customer not to exceed an amount equal to the difference between the extension cost supported by the revenue for the first year and the extension cost supported by the minimum annual revenue the Customer elected to guarantee; or

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## EXTENSION RULES

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2. Continue the minimum guaranteed annual revenues set forth in the existing Electric Service Agreement.

In no event will the minimum annual guarantee be greater than the amount necessary to satisfy the Extension Cost.

## VIII. SPECIAL CONDITIONS

Construction of an extension will commence when the following conditions have been met.

1. Agreements, when required, shall have been executed by each Customer and accepted by Company specifying initial contract period, guaranteed annual revenue, and any Contribution.
2. Each Customer has paid to Company his share of any Contribution.
3. Satisfactory right-of-way necessary for the construction, operation and maintenance of the extension (including any vegetation management rights) both for the purpose of providing access to the extension on Customers' premises and for continuing the extension to other Customers, has been furnished without expense to the Company.
4. Each Customer has made satisfactory credit arrangements with the Company. In the case of tenants, the Company may require owner to guarantee payment.
5. The extension cost will include excess installation costs incurred by the Company because of special conditions that impede the installation of distribution facilities. Such special conditions include, but are not limited to ground frost, surface or subsurface impediments and submarine installations. Surface or subsurface impediments may include, but are not limited to: rock, bedrock, subsurface structures and wetlands.
6. Winter charges will be assessed October 15 through April 1 of each year. In no event will Customer costs exceed line extension costs.

## IX. BASIS FOR MAKING DISTRIBUTION EXTENSIONS FOR PERMANENT SERVICE WHERE EXTENSION COSTS EXCEED \$30,000

The above rules shall be applicable except where specifically stated otherwise and except that the Extension Cost will be the actual cost determined upon completion of the extension. The amount of Extension Costs relating to the extension which will be recovered by the Company through application of its rate schedule will be determined on an individual customer basis. Electric Service Agreements will be required and will be for

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## EXTENSION RULES

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sufficient duration and at sufficient revenue levels to support extension and other costs required to provide service.

If the Extension Cost exceeds the Extension Cost Credit as determined by the Company, the Customer(s) shall pay the Company a Contribution equal to the amount of the Extension Cost that exceeds the Extension Cost Credit. Where more than one Customer is served from the extension, the Contribution will be apportioned in the ratio of each Customer's Contract Demand to total Contract Demand for all Customers initially served from the extension. If there are circumstances unique to an extension in which application of the above rules would not be appropriate or would not properly recover costs, the Company will make necessary adjustments in the application of the rules such that adequate revenues are provided to fund Extension Costs through a combination of Extension Cost Credits and/or Contributions. Similarly, any refund which may be due, as a result of increased Customer Contract Demand during the initial ten year period, or as a result of additional Customers being served subsequently but during the initial ten year period, will be determined by the Company based upon all relevant dates such that revenue recovery is adequate to fund the Extension Costs through a combination of Extension Cost Credits and/or Contributions.

### X. BASIS FOR MAKING TRANSMISSION EXTENSIONS FOR PERMANENT SERVICE

"Transmission" service for purposes of these Extension Rules is service to a Customer taken at 115 kV or higher. Customer connections involving loads served at transmission voltage will be considered on an individual customer basis. Electric Service Agreements will be required and will be of sufficient duration and at sufficient revenue levels to support extension and other costs required to provide service.

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Manager – Customer Analytics

STATE OF MINNESOTA      )  
                                    )ss  
COUNTY OF ST. LOUIS      )

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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I, Tiana C. Heger of the City of Duluth, County of St. Louis, State of Minnesota, hereby certify that on the 29<sup>th</sup> day of May, 2025, I electronically filed a true and correct copy of Minnesota Power's Compliance Filing in **Docket No. E015/M-12-1359**on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on eDocket's Official Service List for this Docket were served as requested.



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Tiana Heger