

November 17, 2025

Sasha Bergman  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce  
Docket No. E015/M-24-382

Dear Ms. Bergman:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

*In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider.*

The Petition was filed by Minnesota Power on August 19, 2025.

The Department **requests Minnesota Power file additional information in reply comments** as described herein and will provide its final recommendations to the Minnesota Public Utilities Commission (Commission) after Minnesota Power files its Reply Comments. The Department is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB  
Assistant Commissioner of Regulatory Analysis

AU/MJ/ad  
Attachment



**Before the Minnesota Public Utilities Commission**  
**Comments of the Minnesota Department of Commerce**

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Docket No. E015/M-24-382

**I. INTRODUCTION**

Minnesota Power seeks annual cost recovery for the construction of its approved transmission projects.<sup>1</sup> With the proposed adjustment to the utility’s tariff within this Rider for Transmission Cost Recovery (TCR), the utility expects to generate revenue to pay for 2025 associated costs of three transmission projects. Statutory guidance for seeking approval to annually recover construction costs for transmission projects is outlined in Minn. Stat. § 216B.16, subd. 7b (2025).

Minn. Stat. § 216B.16, subd. 7b 2025 (TCR Statute) authorizes annual recovery of construction costs for certain pre-approved transmission projects. Administratively, the utility requests authorization to recover the costs in the TCR. Each year, Minnesota Power and other utilities must file a Petition that describes its plans to recover transmission-related construction costs subject to Commission approval before implementation of its tariff adjustment factor.

As described in the utility’s Petition, Minnesota Power seeks to recover pre-approved construction cost for three transmission projects:

- Duluth Loop
- High Voltage Direct Current (HVDC) Modernization Project
- Midcontinent Independent System Operator (MISO) Charges and Credits.<sup>2</sup>

MP proposes that the 2025 Transmission Factor take effect on the first of the month following Commission approval and no sooner than 90 days from the Petition filing date.<sup>3</sup>

In these comments, the Department reviews Minnesota Power’s Petition to recover costs in its TCR. The Department asks that Minnesota Power submit information in a reply comment before its decision of whether to recommend approval.

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<sup>1</sup> *In the Matter of Minnesota Power’s Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Power, August 19, 2025, Docket No. E015/M-24-382 (eDockets) [20258-222233-01](#), hereinafter “Petition”.

<sup>2</sup> Petition at 4.

<sup>3</sup> Petition at 10.

## II. PROCEDURAL BACKGROUND

November 13, 2024	MP submits its original petition for the Utility's 2025 TCR. <sup>4</sup>
February 12, 2025	The Department filed Comments. <sup>5</sup>
February 24, 2025	MP filed Reply Comments. <sup>6</sup>
April 8, 2025	MP filed a request to withdraw its Withdrawn Petition with intent to re-submit at a later date. <sup>7</sup>
April 23, 2025	The Commission filed a Notice and Order Approving Petition to Withdraw Filing. <sup>8</sup>
August 19, 2025	MP submits its Petition for the Utility's 2025 TCR.

## III. SUMMARY OF PROPOSAL

MP's Petition requests approval of its forecasted 2025 annual revenue requirements, 2024 Tracker Balance, and resulting 2025 Transmission Factors under the TCR to recover certain Minnesota jurisdictional transmission costs.

A summary of MP's proposed line items and related revenue requirements for the period are included in Table 1 below.<sup>9</sup>

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<sup>4</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Power, November 13, 2024, Docket No. E015/M-24-382 (eDockets) [202411-211901-01](#), hereinafter "November Petition."

<sup>5</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Department of Commerce, Comments, February 12, 2025, Docket No. E015/M-24-382 (eDockets) [20252-215323-01](#), hereinafter "February Comments."

<sup>6</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Power, Reply Comments, February 24, 2025, Docket No. E015/M-24-382 (eDockets) [20252-215723-01](#), hereinafter "February Reply Comments."

<sup>7</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Power, Withdrawal Request, April 8, 2025, Docket No. E015/M-24-382 (eDockets) [20254-217387-01](#).

<sup>8</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Public Utilities Commission, Notice and Order Approving Petition to Withdraw Filing, April 23, 2025, Docket No. E015/M-24-382 (eDockets) [20254-218053-01](#).

<sup>9</sup> Petition Exhibit B-1, Exhibit B-2, and Exhibit B-3.

**Table 1: Summary of Proposed 2025 MN Revenue Requirements**

Item	2025 MN Revenue Requirements
<b>Tracker Balance as of Dec. 31, 2024</b>	<b>\$ 1,964,299</b>
<b>Duluth Loop</b>	<b>\$ 3,676,303</b>
ID# 113305 Duluth Loop Reliability Project	720,808
ID# 113316 Ridgeview Sub - Duluth Loop	668,110
ID# 113317 Arrowhead Sub - Duluth Loop	523,217
ID# 113318 Hilltop Sub - Duluth Loop	1,366,559
ID# 113539 230kV Projects	399,496
Prorata ADIT <sup>10</sup>	(1,887)
<b>HDVC Modernization</b>	<b>\$ 2,541,790</b>
ID# 113372 HVDC Modernization - ND	1,293,481
ID# 113373 HVDC Modernization - MN	912,133
ID# 114425 HTEC Project – MN	183,202
ID# 114426 HTEC Project – ND	149,308
Prorata ADIT <sup>11</sup>	3,665
<b>Net RECB Revenue &amp; Expenses</b>	<b>\$ 12,266,570</b>
<b>Auction Revenue Rights (ARR) Credit</b>	<b>\$ (188,312)</b>
<b>Total:</b>	<b>\$ 20,260,650</b>

During our review, the Department noted that MP appeared to have transposed its net RECB revenue and expenses figure of \$12,266,570<sup>12</sup> in Exhibit B-2 to \$12,266,750<sup>13</sup> in Table 7 of its Petition. The Department notes the correct figure is \$12,266,570 and has reflected it here.

**IV. DEPARTMENT ANALYSIS**

*A. STATUTORY REQUIREMENTS*

The Department searched statutes and Commission Orders to formulate its comments. To facilitate this comment, the Department notes that Minnesota Legislation provides guidance for the recovery of construction costs in a Utility’s TCR. The legislative guidance helps the Department verify various aspects of MP’s TCR. Such guidance includes criteria on project eligibility, cost minimization of projects, and the parameters retrieved for the construction of costs proposed for recoupment.<sup>14</sup> Together with Commission Orders, the statutes below helps identify the topics for discussion, analysis and resulting recommendations.

<sup>10</sup> Per MP’s Response to DOC IR No. 4.

<sup>11</sup> Per MP’s Response to DOC IR No. 4.

<sup>12</sup> Petition, Exhibit B-2 at 4.

<sup>13</sup> Petition at 39, Table 7.

<sup>14</sup> As seen within the Statute, an example parameter includes the cost of facilities, paragraph (b)(1).

To facilitate the Department's discussion of the TCR, the 2025 TCR statute, Minn. Stat. 216b.16, subd. 7b, states:

Subd. 7b. Transmission cost adjustment.

(a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional cost net of associated revenues of:

(1) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project deemed to be a priority transmission project under section 216B.2425;

(2) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(3) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;

(5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;

(6) allows the utility to recover on a timely basis the costs of upgrades that are not allocated to participating distributed generation facilities under the commission order issued in docket No. E002., E015, or E017/CI-24-288.

(7) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

(8) provides a current return on construction work in progress, if recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

(9) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

(10) allocates project costs appropriately between wholesale and retail customers;

(11) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

(12) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

**B. CHANGES BETWEEN NOVEMBER 2024 AND AUGUST 2025 PETITIONS**

MP filed its original petition in November of 2024, and subsequently withdrew it in April 2025. MP refiled its petition in August 2025. MP’s August 2025 Petition mirrors the November 2024 Petition with the exception that no revenues or expenses associated with the Northland Reliability Project (NRP) and Alexandria – Big Oaks Project are included.<sup>15</sup> The Company’s primary reason for excluding these two MISO Tranche 1 Long Range Transmission (LRTP) projects (currently MP’s only LRTP projects) from the TCR is because MP thinks they are more appropriately considered Federal Energy Regulatory Commission (FERC) jurisdictional projects rather than retail jurisdictional projects.<sup>16</sup>

A summary of MP’s proposed changes by line item and related revenue requirements for the period are included in Table 2 below.<sup>17</sup>

**Table 2: Minnesota Power’s Change in Proposed 2025 MN Revenue Requirements**

Item	Original 2025 MN Revenue Requirements	Refiled 2025 MN Revenue Requirements	Change
Tracker Balance as of Dec. 31, 2024	\$ 1,974,535	\$ 1,964,299	\$ (10,236)
Duluth Loop	\$ 3,676,303	\$ 3,676,303	\$ -
HDVC Modernization	\$ 2,541,790	\$ 2,541,790	\$ -
Alexandria - Big Oaks	\$ 649,507	\$ -	\$ (649,507)
Net RECB Revenue & Expenses	\$ 6,643,731	\$ 12,266,570	\$ 5,622,840
Auction Revenue Rights (ARR) Credit	\$ (188,312)	\$ (188,312)	\$ -
<b>Total:</b>	<b>\$ 15,297,554</b>	<b>\$ 20,260,650</b>	<b>\$ 4,963,096</b>

<sup>15</sup> Petition at 4-5.

<sup>16</sup> *Id.*

<sup>17</sup> Petition Table 7.

As previously noted, MP appeared to have transposed its net RECB revenue and expenses figure of \$12,266,570<sup>18</sup> in Exhibit B-2 to \$12,266,750<sup>19</sup> in Table 7 of its Petition. The Department notes the correct figure is \$12,266,570 and has reflected it here.

As shown above, removing NRP and the Alexandria-Big Oaks Project increases the revenue requirement by approximately \$5 million. MP stated the following regarding the cost recovery treatment for NRP and Alexandria-Big Oaks Project:

As part of MISO's Tranche 1 LRTP portfolio, these projects have been determined to have both significant costs and system-wide benefits. Cost associated with these projects are allocated to MISO North members through MISO's Schedule 26A based on each entity's share of energy consumed. Minnesota Power is approximately 2.5 percent of MISO North. Revenues and expenses for LRTP investments are billed and credited to utilities through MISO Schedule 26A. Beginning in 2025, Minnesota Power began receiving revenue from its investments in the NRP and Alexandria-Big Oaks, with the Company's ownership share at approximately 50 percent and 16.5 percent, respectively. Given the substantial gap between the relatively small amount of allocated costs and the much larger investment share of Minnesota Power ownership, these projects are of a different nature than the transmission projects previously included in the TCR, which were more closely aligned with direct customer benefits.

As MISO's LRTP projects are intended to provide system-wide benefits, it is important to align any federal incentives administered through FERC with those bearing the risk associated with building the LRTP projects. Currently the FERC allows a higher return on equity ("ROE") than the ROE approved by the Commission. The Minnesota Supreme Court has determined that it is solely in the utility's discretion as to which projects are included in its TCR, and it stands to reason that investors in these types of projects are entitled to the FERC-allowed ROE. By removing the projects from the TCR, Minnesota Power's shareholders will retain the FERC-allowed ROE, which is a component of Schedule 26A Revenue. With this change, Minnesota Power's retail customers will not pay for these projects, as all cost recovery will be collected at the FERC-jurisdiction through MISO, but customers will still receive the system reliability, expanded capacity, and reduced congestion benefits associated with these projects.<sup>20</sup>

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<sup>18</sup> Petition, Exhibit B-2 at 4.

<sup>19</sup> Petition at 39, Table 7.

<sup>20</sup> Petition at 5-6.

Even though the Petition increases the revenue requirement by \$5 million, the Department recognizes that MP's proposal to exclude NRP and the Alexandria-Big Oaks Project mirrors Otter Tail Power Company's (Otter Tail or OTP) proposal made in its 2016 General Rate Case.<sup>21</sup> Otter Tail proposed a similar "all out" method where Big Stone Lines, a MISO transmission line, be excluded from OTP's TCR and recovery for this transmission line at a FERC jurisdictional level rather than at the retail level. Essentially, Otter Tail was proposing to keep the net MISO revenues including the FERC ROE which was higher than the Commission approved ROE. The Commission initially denied this proposal, which Otter Tail appealed. This case ultimately ended up at the Minnesota Supreme Court where it was determined that is up to the utility's discretion as to which projects are included in its TCR, and that investors in these types of projects are entitled to the FERC-allowed ROE.<sup>22</sup>

As discussed above, MP notes that the "Minnesota Supreme Court has determined that it is solely in the utility's discretion as to which projects are included in its TCR, and it stands to reason that investors in these types of projects are entitled to the FERC-allowed ROE."<sup>23</sup> The Department asks MP to confirm in reply comments if its proposed "all out" method is comparable to the OTP Method and identify if there are any differences.

The Department notes that utilizing an "all out" method is cleaner when it comes to MISO projects. The Department asks MP to confirm in reply comments if Operating and Maintenance (O&M) expenses are tracked by each transmission line. The Department asks MP to confirm that the O&M expenses allocated to NRP and the Alexandria-Big Oaks Project will be excluded in future rate cases and any applicable riders. Finally, the Department asks MP to explain and identify in reply comments any related expenses, both direct and allocated, for the NRP and the Alexandria-Big Oaks Project that would not be excluded in future rate cases and riders, and explain why that exclusion would be reasonable.

### C. PROJECT ELIGIBILITY

An in-state transmission project is eligible for recovery under the TCR statute if the project is 1) approved under the certificate of need statute, 2) exempt from the certificate of need statute, 3) certified as or deemed to be a priority project under the state transmission plan, or 4) determined to benefit the utility or transmission system by the Midcontinent Independent System Operator (MISO).<sup>24</sup> For the 2025 rider, MP seeks approval to recover costs for three projects:

- Duluth Loop
- HVDC Modernization Project

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<sup>21</sup> *In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, Otter Tail Power Company, February 16, 2016, Docket No. E017/GR-15-1033 (eDockets), hereinafter "OTP Method."

<sup>22</sup> *In re the Appl. of Otter Tail Power Co. for Auth. to Increase Rates for Elec. Serv. in the State of Minn.*, 942 N.W.2d 175, 181 (Minn. 2020).

<sup>23</sup> Petition at 6.

<sup>24</sup> See 2025 Minn. Stat. § 216B.16, subd. 7b, 216B.243 and 216B.2425.

- MISO Charges & Credits—This includes the Net RECB Revenue & Expenses, and the Auction Revenue Rights (ARR) Credit in the Revenue Requirements table above (Table 2).<sup>25</sup>

Based upon Statutory guidance and Orders for approval by the Commission, the Department recommends that the above projects be included in MP's 2025 TCR.<sup>26</sup> Given the pool of eligible projects, the Department reviews MP's estimated project costs in accordance with statute and Commission Orders.

#### D. TCR PROJECT COSTS

The Commission set a standard for evaluating TCR project costs going forward in Xcel Energy's TCR filing in Docket No. 09-1048.<sup>27</sup> In its April 7, 2010, Order for the assignment of project costs, the Commission stated:

[...] the Commission finds that TCR project cost recovery through the rider should be limited to the amount of the initial cost estimates at the time the projects are approved as eligible projects, with the opportunity for the Company to seek recovery of excluded costs on a prospective basis in a subsequent rate case. A request to allow cost recovery for project costs above the amount of the initial estimate may be brought for Commission review only if unforeseen or extraordinary circumstances arise on a project.

The Commission applied this same approach to Otter Tail Power Company in its 2013 TCR in Docket No. 13-103.<sup>28</sup> In its March 10, 2014, Order, the Commission stated:

Accordingly, the Commission continues to believe that project costs included in the TCR rider should be capped at certificate of need levels. [...]

[I]mposition of a cap protects the integrity of the certificate of need process, in which it is critical that the cost estimates for the alternatives being compared are as reliable as possible. And capping costs at the certificate of need levels is consistent with the Commission's actions in similar cases involving other utilities' riders. [...]

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<sup>25</sup> Petition at 4.

<sup>26</sup> *Order Granting Certificate of Need and Issuing Route Permit*, April 3, 2023, Docket No. E-015/CN-21-140 (eDockets) [20234-194456-02](#), at 12; *Order Granting Certificate of Need and Issuing Route Permit*, October 25, 2024, Docket No. E-015/CN-22-607, (eDockets) [202410-211332-01](#), at 22; and *In the Matter of Minnesota Power's Request for Approval of its 2022 Transmission Factors under its Transmission Cost Recovery Rider*, Minnesota Department of Commerce, Comments, May 23, 2022, Docket No. E015/M-21-857, (eDockets) [20225-185991-01](#), at 8.

<sup>27</sup> *Order Approving 2010 TCR Project Eligibility and Rider, 2009 TCR Tracker Report, and TCR Rate Factors*, April 27, 2010, Docket No. E-002/M-09-1048, (eDockets) [20104-49616-01](#), at 6; *Order Granting Certificate of Need and Issuing Route Permit*, October 30, 2024, Docket No. E002, E017, ET2, E015, ET10/CN-22-538, (eDockets) [202410-211465-02](#), at 6.

<sup>28</sup> *Order Capping Costs, Denying Rider Recovery of Excess Costs, and Requiring Inclusion of All Miso Schedule 26 Costs And Revenues in TCR Rider*, March 10, 2014, Docket No. E-017/M-13-103, (eDockets) [20143-97156-01](#), at 4.

In the absence of a rate case, the best available proxy for determining prudence and reasonableness is the cost determination made on the record of a certificate of need or cost recovery eligibility proceeding. Here, the relevant proceeding is a certificate of need case. Otter Tail should continue recovering the costs it sponsored in its certificate of need case unless and until it demonstrates in a rate case that higher costs are prudent and reasonable. [Footnotes omitted.]

#### *D.1. Duluth Loop*

Given past Commission Orders, MP discusses its construction costs estimates for the Duluth Loop Project.<sup>29</sup> In its Certificate of Need and Route Permit Application approved by the Commission, MP estimated the capital cost range of the Project between \$50 million and \$70 million (in 2021 dollars).<sup>30</sup>

In the current Petition, the Department notes that MP's proposed 2025 revenue requirements for the Duluth Loop are based on net plant costs of approximately \$35 million and construction work in-progress (CWIP) costs of approximately \$22 million, for a total of approximately \$57 million through 2025.<sup>31</sup> Thus, the Department concludes the Company's current Duluth Loop capital project costs are under the capital cost range established in the Certificate of Need and Route Permit proceeding.

In the last 2024 TCR, the Department noted that cost estimates were trending toward \$70 million because of rising material and labor costs. MP stated in an Information Request that it would closely monitor costs and supply chain risks as they arose.<sup>32</sup>

MP's in-service date is currently December 2026.<sup>33</sup> Originally, at the time of MP's initial filing, the in-service date was in December 2025.<sup>34</sup> The one-year difference between schedules appears to be because of a longer construction period. The starting dates for construction are the same: September 2023. However, MP notes supply chain issues, and perhaps other delays, in acquiring a wetland permit.<sup>35</sup> Regarding the supply chain issues, MP states:

Certain materials continue to experience long lead-time issues in the post-Covid-19 supply chain environment. In particular, the ACSS conductor to be used for the 115kV transmission line work is estimated to have an 80-

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<sup>29</sup> Petition at 35-37.

<sup>30</sup> *Order Granting Certificate of Need and Issuing Route Permit*, Public Utility Commission, April 3, 2023, Docket No. E-015/CN- (eDockets) [20234-194456-02](#), at 12. The cost estimates can be found in *Findings of Fact, Conclusions of Law, and Recommendation*, Office of Administrative Hearings, December 15, 2022, Docket No. E-015/CN-21-140 (eDockets) [202212-191387-01](#), at 6 and 83.

<sup>31</sup> Petition, Exhibit B-3 at 3.

<sup>32</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider Under Minn. Stat. § 216B.16, subd. 7b*, Public Utility Commission, March 5, 2024, Docket No. E-015/M-23-460, (eDockets) [20243-204071-01](#).

<sup>33</sup> Petition at 25.

<sup>34</sup> *Certificate of Need and Duluth Loop ROUTE Permit Application for the Duluth Loop Reliability Project*, Minnesota Power, October 21, 2021, Docket No. E015/CN-21-140, (eDockets) [202110-179004-03](#), at 2-11.

<sup>35</sup> Petition at 25.

week lead time. Conductor for the 230kV transmission line has been proactively ordered. Construction work for the 115kV transmission line construction and reconfiguration will be substantially more segmented. Engineering for this project element is nearly complete, and its conductor has been ordered.<sup>36</sup>

The Department notes that MP did recognize supply chain issues in its last Petition.<sup>37</sup> The Department notes further that MP was aware of potential supply chain risks, along with trending labor costs. The Department thanks MP for identifying the issue in its Petition. However, the Company did not say how it plans to mitigate the supply disruption in the Petition.

#### *D.1.1. Impact of Project Delays*

In the Department's February Comments, a request was made for more information about the cost impacts from the delays. The Department also requested information about any other delays since the approval of the 2021 Duluth Loop Certificate of Need. The Department requested that MP describe each of the following:

- *Supply chain delay-*
  - Timeline of when the supply issues first arose, and when MP was first aware of the issue;
  - Description of the process and staff it has in place to identify and mitigate such disruptions;
  - Estimate of the cost proposed for recoupment in this TCR that was caused by the delay; and
  - Separate estimate due to rising labor costs.
  
- *Wetland permitting delay-*
  - Documentation on when MP expected to complete the wetland permitting process in its 2021 CN;
  - Documentation on whether the wetland permitting process was completed by December 2024, as expected;
  - What projects, if any would be delayed by a later than expected wetland permit and by how many months; and
  - a cost estimate for the delay, if any.
  
- *Other delays-*
  - Documentation and description of any other delays that pushed back the expected project completion date by one year; and
  - A cost estimate to the delays, if any.

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<sup>36</sup> Petition at 25.

<sup>37</sup> *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Power, October 24, 2023, Docket No. E-015/M-23-460 (eDockets) [202310-199855-01](#), at 27.

MP addressed the above requests in its February Reply Comments and confirmed no changes to date in Department Information Request #5. Responses are summarized below.

Regarding supply chain delays, irregularities first started during the COVID-19 pandemic and the Company is facing ongoing variable lead times for common transmission line materials. MP has been able to order certain materials proactively. MP typically acquires basic materials through standard suppliers, however when standard suppliers are not able to meet required lead times, alternative suppliers and manufactures are considered. The Company has also been able to utilize materials ordered and received for other projects that had not commenced construction or were otherwise delayed. This has allowed overhead line construction to begin in July 2025 as planned. MP noted that there are no discrete costs within the 2025 TCR that are attributed to material lead time delays and there is no specific project cost increases due to increased labor costs.

The US Army Corps of Engineers Section 404 wetland permit application was submitted in October of 2023. MP received the wetland permit on January 16, 2025. Though the permitting process took longer than expected, due to other factors preventing transmission line work such as habitat protection of northern long-eared bats and Commission approval of transmission lines, the permit only delayed work by one month. There are no significant costs associated with the delay of the wetland permit.

When asked if there any other delays that contributed to the one-year delay, MP stated the following:

The Company is not aware of any other externalities impacting schedule at this time. However, there may be market forces that impact future materials availability and pricing including tariffs and/or a market-wide shift to domestic production that constraints limited production resources.

Minnesota Power's Supply Chain staff continues to monitor the current regulatory environment and has reached out to key vendors to confirm production locations and identify alternatives.<sup>38</sup>

The Department recognizes that MP may not be able to identify every risk that may lead to a delay. The Department appreciates the explanation of the conditions that may lead to a delay and what risk mitigation efforts are being implemented by MP.

#### *D.2. HVDC Modernization*

MP discusses its cost estimates for the HVDC Modernization project.<sup>39</sup> The Department verified that the \$660-\$940 million is the same as authorized by the Commission in MP's Certificate of Need.<sup>40</sup>

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<sup>38</sup> February Reply Comments at 7.

<sup>39</sup> Petition at 28-30.

<sup>40</sup> *In the Matter of the Application of Minnesota Power for a Certificate of Need for the HVDC Modernization Project in Hermantown, Saint Louis County*, Office of Administrative Hearings, June 21, 2024, Docket No. E-015/CN-22-607, (eDockets) [20246-207868-02](#), at 32, 138-140. See Also, *Order granting certificate of need and issuing route permit*, March 5, 2024, Docket No. E-015/CN-22-607, (eDockets) [202410-211332-01](#), at 22-23.

In the current Petition, the Department notes that MP's proposed 2025 revenue requirements for the HVDC Modernization project are based on CWIP costs of approximately \$31 million.<sup>41</sup> Thus, the Department concludes the Company's HVDC Modernization capital project costs are under the initial cost estimates established in the Certificate of Need proceeding.

Currently, MP is completing the permitting process and construction began in May 2025. The project implementation date is now scheduled for December 2030.<sup>42</sup> The Company's implementation date was initially scheduled for December 2028, however, when MP reached out to its preferred supplier, the earliest implementation date for the equipment used in the HVDC terminals that MP could secure was April 2030.<sup>43</sup>

### *D.3. MISO Transmission Projects*

During the 2008 Minnesota Legislative Session, Minn. Stat. § 216B.16, subd. 7 was amended to allow utilities providing transmission service to recover the charges incurred by a utility "that accrue from other transmission owners' regionally planned transmission projects that have been determined by MISO to benefit the utility," as provided for under a "federally approved tariff," upon Commission approval. The Statute further requires any recovery to "be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset."

In its June 23, 2009 Order, the Commission directs the Company to "provide supporting documentation to substantiate the actual RECB charges incurred during the upcoming year as part of future Rider filings."<sup>44</sup> MP provided the required documentation in its Petition.<sup>45</sup>

In its Petition, MP proposed to include net RECB charges (MISO Schedules 26/26A, 37 and 38) totaling \$14,851,828 on a Total Company basis and \$12,266,570 on a Minnesota Jurisdictional basis in its TCR for cost recovery.<sup>46</sup> The Company provided a detailed calculation of its RECB revenues and expenses by MISO schedule in Exhibit B-2 of the Petition. As discussed above, the Petition excludes Schedule 26A revenue because it was all generated from the Alexandria-Big Stone Project and therefore is being allocated to the FERC jurisdiction rather than the retail jurisdiction.

The Department reviewed MP's calculations and proposal to recover its net RECB charges in the TCR and concludes that the Company's calculation is reasonable.

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<sup>41</sup> Petition, Exhibit B-4 at 2.

<sup>42</sup> Petition at 24.

<sup>43</sup> Petition at 33.

<sup>44</sup> *In the Matter of Minnesota Power's Request for Approval of its 2009 Rate Adjustment Mechanism under its Transmission Cost Recovery Rider*, Order Approving Transmission Factors with Conditions, June 23, 2009, Docket No. E-015/M-08-1176, (eDockets) [20096-38819-01](#), at 4

<sup>45</sup> Petition at Exhibit C-1.

<sup>46</sup> Petition at Exhibit B-2, at 4.

*E. NET REGIONAL EXPANSION AND COST BENEFIT (RECB) CHARGES (MISO SCHEDULES 26/26A, 37 & 38)*

Minnesota Statutes § 216B.16, subd. 7b(b)(2) permits the Commission to approve, reject, or modify, after notice, a tariff that “allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners’ regionally planned transmission projects that have been determined by [MISO] to benefit the utility or integrated transmission system.” The statute requires that any recovery “be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset.”

MISO’s regionally planned transmission projects are also called Regional Expansion and Cost Benefit (RECB) projects. Moreover, RECB charges and revenues are generally reflected under MISO Schedules 26/26A. MISO Schedule 26 includes other regionally shared projects such as Market Efficiency Projects and Generation Interconnection Projects. MISO Schedule 26A includes projects deemed as Multi-Value Projects (MVPs).

In addition to MISO Schedules 26/26A, utilities also receive revenues related to regionally shared projects under MISO Schedules 37 and 38. MISO Schedule 37 revenues represent a utility’s share of contributions MISO receives from American Transmission Systems, Inc., which left MISO on June 1, 2011 to integrate with PJM. Likewise, MISO Schedule 38 revenues represent a utility’s share of payments from Duke-Ohio and Duke-Kentucky, which left MISO on December 31, 2011, but have an ongoing obligation to pay for MISO projects due to their previous membership.

In its June 23, 2009 Order in Docket No. E015/M-08-1176, the Commission directed the Company to “provide supporting documentation to substantiate the actual RECB charges incurred during the upcoming year as part of future Rider filings.” MP provided the required documentation in Exhibit C-1 of its petition.

As shown in Exhibit B-2, Page 4 of its petition, MP proposes to include net RECB charges (MISO Schedules 26/26A, 37 and 38) totaling \$12,266,570 in its TCR revenue requirements. The Company provided a detailed calculation of its RECB revenues and expenses by MISO schedule in Exhibit B-2 of the petition. As discussed above, the Petition excludes Schedule 26A revenue because it was all generated from the Alexandria-Big Stone Project and therefore is being allocated to the FERC jurisdiction rather than the retail jurisdiction.

The Department reviewed and agrees with MP’s calculation and proposal to recover its net RECB charges in the current petition.

*F. MVP AUCTION REVENUE RIGHTS (ARR)*

As described in the petition, MISO Auction Revenue Rights (ARR) revenues are MP's entitlement to a share of revenue generated in annual Financial Transmission Rights (FTR) auctions.<sup>47</sup> MP states that its firm historical usage of MISO's transmission system determines its share and, depending upon the FTR auction clearing price of an ARR path, the share could result in revenue or a charge.

On page 38 of its petition, MP stated it included MVP ARR revenues for MVPs that the Company does not own but is allocated a portion of the costs as a MISO member. As shown in Exhibit B-2, Page 3 of the current petition, MP proposed to credit retail customers (\$188,312) for their estimated jurisdictional share of 2025 MVP ARR revenues.

The Department reviewed MP's proposed treatment of MVP ARR revenues and agrees with its approach.

*G. TRACKER BALANCE*

As shown in Exhibit B-1, MP proposed to recover its 2024 tracker balance of \$1,964,299 to reflect prior under-recoveries.<sup>48</sup> MP's tracker balance calculations are shown in Exhibit B-2. In addition, MP's current Petition notes that the tracker balance for Large Power Class is \$616,337 and that the balance for all other classes is \$1.3 million.<sup>49</sup>

The Department reviewed MP's tracker calculations as shown in Petition Exhibit B-2 and recommends the Commission approve MP's 2025 tracker balance for recovery.

*H. OTHER WHOLESALE TRANSMISSION REVENUES (NON-RECB)*

The Department has noted in the past that the bulk of Minnesota regulated electric utilities' transmission assets over 100 kilovolts are non-RECB projects for MISO purposes and are included in the utilities' base rates rather than in a transmission rider.<sup>50</sup> As such, any wholesale transmission revenues and expenses (MISO Schedule 9 revenues and expenses) associated with these facilities are now generally reflected in base rates.<sup>51</sup>

However, in addition to the wholesale transmission revenues and expenses through MISO Schedules 26/26A for RECB projects as discussed above, some utilities receive other wholesale transmission revenues from third-party transmission customers who are charged the utility's Federal Energy

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<sup>47</sup> Petition, page 4.

<sup>48</sup> Petition at B-1, at 1.

<sup>49</sup> Petition at 39.

<sup>50</sup> Petition at 23 and 38, *In the Matter of Minnesota Power's Petition for Approval of a Transmission Cost Recovery Rider under Minn. Stat. § 216B.16, subd. 7b*, Minnesota Power, October 24, 2023, Docket No. E-015/M-23-460 (eDockets) [202310-199855-01](#), at 11.

<sup>51</sup> Petition at 23 and 38.

Regulatory Commission (FERC) jurisdictional MISO tariff<sup>52</sup> rate for the use of the utility's non-RECB transmission system. Similar to RECB charges reflected in MISO Schedules 26/26A, these non-RECB charges are reflected in MISO Schedule 9 revenues for the party that owns the transmission assets and in MISO Schedule 9 expenses for any party that uses the transmission assets (including the assets' owner).

While most of these costs and revenues are reflected in utilities' base rates, sometimes Minnesota rate-regulated utilities have non-RECB transmission projects that qualify for TCR Rider recovery. In those instances, some utilities have provided a net credit<sup>53</sup> in their TCR Rider to account for revenues it expects to receive from MISO for other utilities' use of the transmission asset. This net credit reflects the difference between what the utility pays MISO for using its own non-RECB transmission asset and what the utility receives from MISO for other utilities' use of the asset.

For example, if FERC determined annual revenue requirements for a specific non-RECB project totaled \$100 and MP were the owner, the \$100 would be allocated and charged to all utilities located in MP's transmission pricing zone, based on their respective loads in that zone. If MP makes up 80% of the load in its own transmission pricing zone, MP would be required to pay MISO \$80 in Schedule 9 expenses (paying MISO for MP's use of its own facilities). The other utilities with load in MP's transmission pricing zone would pay the remaining \$20 in MISO Schedule 9 expenses to reflect their reliance on MP's facilities. MISO would pay MP the entire \$100 in MISO Schedule 9 revenues for its ownership of the project. The difference between what MP pays and receives for its ownership of the non-RECB project is the \$20 net credit.<sup>54</sup>

It is the Department's understanding that both the Duluth Loop and HVDC Modernization projects are considered to be non-RECB projects for MISO purposes. The Department recommends that MP provide in reply comments any net credits that it receives from MISO under Schedule 9 for other utilities use in 2025.

#### *I. INTERNAL CAPITALIZED COSTS*

In a previous transmission factor proceeding (Docket No. E015/M-11-695), the Commission determined MP's internal capitalized costs should be excluded from recovery under the Company's TCR Rider.<sup>55</sup> As explained in MP's Petition, the Company complied with the Commission's directive and excluded internal capitalized costs.<sup>56</sup>

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<sup>52</sup> Utility-specific rates are contained in Attachment O of MISO's Open Access Transmission Tariff (OATT).

<sup>53</sup> As opposed to MISO Schedules 26/26A revenues and expenses which are reflected at gross in Minnesota rate-regulated utilities TCR Riders. The gross and net methods produce the same results. However, the Department generally prefers the gross method since it reflects all the MISO revenues and expenses associated with a specific project.

<sup>54</sup> Sometimes the net credit is presented in percentage terms. In this example, the net credit would equal 20% of the revenue requirements.

<sup>55</sup> *In the Matter of Minnesota Power's Petition for Approval of its 2011 Transmission Cost Recovery Rider Factor*, Order, November 12, 2013, Docket No. E-015/M-11-695, (eDockets) [201311-93584-01](#), at 4.

<sup>56</sup> Petition at 13 and in Exhibit B-4.

The Department reviewed MP's proposed accounting for internal capitalized costs and concludes the Company complied with the Commission's directive.<sup>57</sup>

*J. RATE OF RETURN ON INVESTMENT*

Minn. Stat. § 216B.16, subd. 7b (2025) allows utilities to charge ratepayers a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest. As explained on page 45 of the petition, and confirmed in Department Information Request #3, MP proposes to use its equity and debt components approved in its last retail rate case (Docket No. E015/GR-23-155) to calculate its return on investment in this proceeding. The Department does not object.

*K. ALLOCATION*

*Minn. Stat. § 216B.16, subd 7b (2025)* requires utilities to allocate project costs appropriately between wholesale and retail customers. As shown in Exhibit B-3 of its petition<sup>58</sup>, MP proposes to use the jurisdictional demand allocators the Commission approved in its 2021 retail rate case (Docket No. E015/GR-21-335) to allocate costs between wholesale operations (MP's municipal and cooperative customers) and retail operations for 2023. In addition, MP proposes to use the jurisdictional demand allocators the Commission approved in its 2024 retail rate case (Docket No. E015/GR-23-155) to allocate costs between wholesale operations and retail operations for 2024 and 2025.

Since MP's proposal is consistent with the Commission's prior allocation determinations, the Department agrees with this approach.

*L. PRORATED ACCUMULATED DEFERRED INCOME TAXES*

MP proposes its 2025 Transmission Factors will take effect on the first of the month following Commission approval.<sup>59</sup> For tax purposes, 2025 is considered a future year, therefore MP must use the *pro rata* calculation. The calculation helps avoid a violation to the normalization for the allocation factors, which is required by the IRS when taking accelerated depreciation.

Based on its review, the Department recommends approval of MP's *pro rata* method.

*M. POTENTIALLY ELIGIBLE PROJECTS*

The Commission's Ordering Point 7 from the December 3, 2020, *Order Approving Transmission Cost Recovery, Clarifying Prior Order, and Requiring Filings* requires MP to include descriptions of all

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<sup>57</sup> For purposes of this docket, the Department agrees with MP that evidence that Internal Capital costs are excluded from the current TCR is by noting there are no line items in Exhibit B-3 (Duluth Loop Project) and B-4 (HVDC Modernization Project).

<sup>58</sup> Exhibit B-3, pages 32-34.

<sup>59</sup> Petition at 10.

potentially eligible TCR projects.<sup>60</sup> The Company is required to list the projects it will seek recovery of in the future, and the impacts those projects will have on the Transmission Cost Recovery Factor.

MP's current Petition states that "there are currently no potential eligible projects to include."<sup>61</sup> MP does identify two projects assigned to the FERC jurisdiction for which MP will not be seeking recovery through the TCR. Both projects are with the Tranche 1 Long Range Transmission Planning portfolio of new transmission projects that was approved by the MISO Board of Directors on July 25, 2022. MP plans to take part in the Northland Reliability Project and the Eastern Segment of the Big Stone South – Alexandria – Big Oaks 345 kV Transmission Line Project.

Based on the above, the Department concludes MP complied with Ordering Point No. 7 of the Commission's December 3, 2020, Order.

#### *N. RATE DESIGN*

The TCR is applicable to electric service under all of MP's Retail Rate Schedules including Large Power, except its Competitive Rate Schedules 73 and 79. In addition, it applies to service under the Large Power Interruptible and Large Power Incremental Production Service riders.<sup>62</sup> MP proposes to allocate the retail revenue requirement Transmission Demand jurisdictional and class allocators reflecting the outcomes of the Company's 2021 and 2024 rate cases as discussed above.<sup>63</sup>

Within the Large Power class, MP proposes to incorporate both a demand and an energy rate adder by splitting the Large Power customer retail revenue requirement between demand and energy based on the demand and energy revenue split (approximately 50% demand/50% energy) consistent with MP's most recent rate case in Docket No. E015/GR-23-155.<sup>64</sup>

This is the same method used to allocate costs within the Large Power class in MP's previous TCR filings.<sup>65</sup> The Department agrees with this approach.

#### *O. BILL IMPACT AND TARIFF REVIEW*

As stated above, MP proposes its 2025 Transmission Factors will take effect on the first of the month following Commission approval. Table 3 below summarizes the bill impact of Minnesota Power's proposal.

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<sup>60</sup> *Order Approving Transmission Cost Recovery, Clarifying Prior Order, and Requiring Filings*, December 3, 2020, Docket No. E-015/M-19-440 (eDockets) [202012-168746-01](#), at 6.

<sup>61</sup> Petition at 9.

<sup>62</sup> Petition at Exhibit B-1, at 1.

<sup>63</sup> Petition at 45.

<sup>64</sup> Petition at Exhibit B-1, at 1.

<sup>65</sup> *In the Matter of Minnesota Power's Request for Approval of its 2022 Transmission Factors under its Transmission Cost Recovery Rider*, Minnesota Department of Commerce, Comments, May 23, 2022, Docket No. E015/M-21-857, (eDockets) [20225-185991-01](#), at 15.

**Table 3: Minnesota Power’s Proposed Bill Impact<sup>66</sup>**

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Increase</b>
Large Power (\$/kW per month)	0.36	0.83	0.47
Large Power (\$/kWh)	0.047	0.117	0.070
All Other Classes (\$/kWh)	0.195	0.305	0.110

Petition Exhibit A provides a copy of the revised tariff for the transmission rider, updated for the proposed rates. The current and proposed rates in Petition Exhibit A correspond to Table 3 above.

**V. DEPARTMENT RECOMMENDATIONS**

Based on analysis of the Petition, the Department has prepared requests, which are provided below. The requests correspond to the subheadings of Section IV above.

*A. CHANGES BETWEEN NOVEMBER 2024 AND AUGUST 2025 PETITIONS*

- The Department asks MP to confirm in reply comments if its proposed “all out” method is comparative to the OTP Method and identify if there are any differences.
- The Department asks MP to confirm in reply comments if O&M expenses are tracked by each transmission line.
- The Department asks MP to confirm in reply comments that the O&M expenses allocated to NRP and the Alexandria-Big Oaks Project will be excluded in future rate cases and any applicable riders.
- The Department asks MP to explain and identify in reply comments any related expenses both direct and allocated for the NRP and the Alexandria-Big Oaks Project that would not be excluded in future rate cases and riders, and explain why that is reasonable.
- The Department asks MP to provide in reply comments any net credits that it received from MISO for other utilities use of the Duluth Loop and HVDC Modernization projects in 2025.

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<sup>66</sup> Petition, Exhibit B-1 at 1.

## Attachments



Minnesota Department of Commerce  
85 7th Place East | Suite 280 | St. Paul, MN 55101  
Information Request

Docket Number: E015/M-24-382  
Requested From: Minnesota Power  
Type of Inquiry: Financial

Nonpublic  Public  
Date of Request: 9/30/2025  
Response Due: 10/10/2025

SEND RESPONSE VIA EMAIL TO: [Utility.Discovery@state.mn.us](mailto:Utility.Discovery@state.mn.us) as well as the assigned analyst(s).

Assigned Analyst(s): Ashley Uphus, Mark Johnson  
Email Address(es): ashley.uphus@state.mn.us; mark.johnson@state.mn.us  
Phone Number(s): 651-539-1787; 651-539-1824

**ADDITIONAL INSTRUCTIONS:**

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

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Request Number: 3  
Topic: Rate of Return  
Reference(s): Petition at 28

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**Request:**

In the Petition, at page 28, Minnesota Power states the following:

Consistent with the treatment agreed to by the Company and the Department in Minnesota Power's Renewable Resources Rider 2020 Renewable Factor docket, Minnesota Power has updated jurisdictional and class allocation factors and ROR from its 2023 retail rate case starting January 1, 2024 (the effective date of interim rates in that rate case).

- A. Please confirm and show that the final approved rate of return (ROR) from the 2023 rate case in Docket No. E015/GR-23-155 was used to calculate the TCR.
- B. Please confirm the initially proposed ROR from the 2023 rate case in Docket No. E015/GR-23-155 was not used to calculate the TCR.

**Response:**

- A. Yes, final approved rate of return (ROR) from the 2023 rate case in Docket No. E015/GR-23-155 was used to calculate the TCR beginning January 1, 2024. Refer to the lower half of Exhibit B-3, page 31 of 34, for the ROR that was applied as appropriate in the revenue requirements calculations starting January 1, 2024.

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To be completed by responder

Response Date: October 16, 2025  
Response by: Stewart Shimmin  
Email Address: sshimin@mnpower.com  
Phone Number: (218) 355-3562



Minnesota Department of Commerce  
85 7th Place East | Suite 280 | St. Paul, MN 55101  
Information Request

**Docket Number:** E015/M-24-382  
**Requested From:** Minnesota Power  
**Type of Inquiry:** Financial

Nonpublic  Public  
Date of Request: 9/30/2025  
Response Due: 10/10/2025

**SEND RESPONSE VIA EMAIL TO:** [Utility.Discovery@state.mn.us](mailto:Utility.Discovery@state.mn.us) as well as the assigned analyst(s).

**Assigned Analyst(s):** Ashley Uphus, Mark Johnson

**Email Address(es):** ashley.uphus@state.mn.us; mark.johnson@state.mn.us

**Phone Number(s):** 651-539-1787; 651-539-1824

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- 
- B. Yes, Minnesota Power confirms that the initially proposed ROR from the 2023 rate case in Docket No. E015/GR-23-155 was not used to calculate the TCR. Refer to page 28, Table 3 of the October 24, 2024 Rate Case Briefing Papers for the initially proposed ROR and to page 29, Table 6, for the Settlement Proposed Cost of Capital, which is the same as the approved ROR referred to above in Part A of this response.

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To be completed by responder

Response Date: October 16, 2025  
Response by: Stewart Shimmin  
Email Address: sshimin@mnpower.com  
Phone Number: (218) 355-3562



**Minnesota Department of Commerce**  
**85 7th Place East | Suite 280 | St. Paul, MN 55101**  
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**Email Address(es):** ashley.uphus@state.mn.us; mark.johnson@state.mn.us  
**Phone Number(s):** 651-539-1787; 651-539-1824

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**Request Number:** 4  
**Topic:** Revenue Requirement  
**Reference(s):** Petition Table 7 and Exhibit B-3 and B-4

**Request:**

The Department calculates discrepancies in Table 7.

- A. When comparing the 2025 Minnesota Revenue Requirement by project for Duluth Loop and HDVC Modernization the Department calculates a discrepancy between the project totals reported in Table 7 and the project details reported in Exhibits B-3 and B-4. Please see the Department table below and explain all discrepancies as show in the “difference” column.

Item	2025 MN Revenue Requirements per Table 7	2025 MN Revenue Requirements per Exhibit B-3 & B-4	Difference
<b>Duluth Loop</b>	<b>\$ 3,676,303</b>	<b>\$ 3,678,190</b>	<b>\$ 1,887</b>
ID# 113305 Duluth Loop Reliability Project		720,808	
ID# 113316 Ridgeview Sub - Duluth Loop		668,110	
ID# 113317 Arrowhead Sub - Duluth Loop		523,217	
ID# 113318 Hilltop Sub - Duluth Loop		1,366,559	
ID# 113539 230kV Projects		399,496	
<b>HDVC Modernization</b>	<b>\$ 2,541,790</b>	<b>\$ 2,538,124</b>	<b>\$ (3,666)</b>
ID# 113372 HVDC Modernization - ND		1,293,481	
ID# 113373 HVDC Modernization - MN		912,133	
ID# 114425 HTEC Project – MN		183,202	
ID# 114426 HTEC Project – ND		149,308	
<b>Total:</b>	<b>\$ 6,218,093</b>	<b>\$ 6,216,314</b>	<b>\$ (1,779)</b>

To be completed by responder

Response Date: October 16, 2025  
 Response by: Stewart Shimmin  
 Email Address: sshimmin@mnpower.com  
 Phone Number: (218) 355-3562



Minnesota Department of Commerce
85 7th Place East | Suite 280 | St. Paul, MN 55101
Information Request

Docket Number: E015/M-24-382
Requested From: Minnesota Power
Type of Inquiry: Financial

Nonpublic Public
Date of Request: 9/30/2025
Response Due: 10/10/2025

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Assigned Analyst(s): Ashley Uphus, Mark Johnson
Email Address(es): ashley.uphus@state.mn.us; mark.johnson@state.mn.us
Phone Number(s): 651-539-1787; 651-539-1824

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- B. When reviewing Table 7, the Department identified a (\$180) discrepancy in the refiled 2025 Minnesota revenue requirement. Please see calculation below and explain the discrepancy.

Table with 2 columns: Description and Amount. Rows include Projected Tracker Balance as of Dec. 31, 2024, Duluth Loop, HVDC Modernization, Alexandria - Big Oaks, Schedule 26 Revenue (RECB), Schedule 26A Revenue (RECB), Schedule 37 Revenue (RECB), Schedule 38 Revenue (RECB), Schedule 26 Expenses (RECB), Schedule 26A Expenses (RECB), Schedule 26E Expenses (RECB), Net RECB Revenue & Expenses, ARR Credit, Total per Table 7, Total per Department Check, and a discrepancy of -\$180.

- C. If applicable, please provide an updated copy of Table 7.

To be completed by responder

Response Date: October 16, 2025
Response by: Stewart Shimmin
Email Address: sshimmin@mnpower.com
Phone Number: (218) 355-3562



Minnesota Department of Commerce  
85 7th Place East | Suite 280 | St. Paul, MN 55101  
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**Email Address(es):** ashley.uphus@state.mn.us; mark.johnson@state.mn.us

**Phone Number(s):** 651-539-1787; 651-539-1824

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**Response:**

- A. The amounts in Table 7 are correct. The Department's sub-totals by sub-project above do not include the related Prorata ADIT. For the Duluth Loop Project, refer to the 2025 Projected Tracker – Duluth Loop Projects, Exhibit B-3, page 3 of 34, line C-15, Prorata ADIT. The total amount of (\$2,285) multiplied by the jurisdictional allocator in line C-17 equals (\$1,887). Similarly, for the HVDC Projects, refer to the 2025 Projected Tracker – HVDC Projects, Exhibit B-4, page 2 of 27, line C-15, Prorata ADIT. The total amount of \$4,438 multiplied by the jurisdictional allocator in line C-17 equals \$3,666.
- B. The Company double checked Table 7 and did not find the \$180 variance above, which could be a rounding difference when not using linked data. Please refer to the Company's response to DOC IR 2 and the file 2025 TCR Filing v2 attached to the response. In the far-right tab, Table 7, the Company added a linked calculation to double check Table 7 in Column H and found no variance.
- C. Refer to Part B above.

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To be completed by responder

Response Date: October 16, 2025  
Response by: Stewart Shimmin  
Email Address: sshimmin@mnpower.com  
Phone Number: (218) 355-3562



Minnesota Department of Commerce  
85 7th Place East | Suite 280 | St. Paul, MN 55101  
Information Request

Docket Number: E015/M-24-382  
Requested From: Minnesota Power  
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Date of Request: 9/30/2025  
Response Due: 10/10/2025

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Assigned Analyst(s): Ashley Uphus, Mark Johnson  
Email Address(es): ashley.uphus@state.mn.us; mark.johnson@state.mn.us  
Phone Number(s): 651-539-1787; 651-539-1824

**ADDITIONAL INSTRUCTIONS:**

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**Request Number:** 5  
**Topic:** Duluth Loop – Project Delays  
**Reference(s):** February 24, 2025, Reply Comments

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**Request:**

Before the Petition filed on November 21, 2024, was withdrawn on April 23, 2025, the Department filed Comments requesting the following additional information in regard to project delays on the Duluth North Loop project:

- Supply chain delay-
  - Timeline of when the supply issues first arose, and when MP was first aware of the issue;
  - Description of the process and staff it has in place to identify and mitigate such disruptions;
  - Estimate of the cost proposed for recoupment in this TCR that was caused by the delay; and
  - Separate estimate due to rising labor costs.
  
- Wetland permitting delay-
  - Documentation on when MP expected to complete the wetland permitting process in its 2021 CN;
  - Documentation on whether the wetland permitting process was completed by December 2024, as expected;
  - What projects, if any would be delayed by a later than expected wetland permit and by how many months; and
  - A cost estimate for the delay, if any.

---

To be completed by responder

Response Date: October 20, 2025  
Response by: Mike French  
Email Address: mfrench@mnpower.com  
Phone Number: (218) 310-9584



Minnesota Department of Commerce  
85 7th Place East | Suite 280 | St. Paul, MN 55101  
Information Request

Docket Number: E015/M-24-382  
Requested From: Minnesota Power  
Type of Inquiry: Financial

Nonpublic  Public  
Date of Request: 9/30/2025  
Response Due: 10/10/2025

SEND RESPONSE VIA EMAIL TO: [Utility.Discovery@state.mn.us](mailto:Utility.Discovery@state.mn.us) as well as the assigned analyst(s).

Assigned Analyst(s): Ashley Uphus, Mark Johnson  
Email Address(es): ashley.uphus@state.mn.us; mark.johnson@state.mn.us  
Phone Number(s): 651-539-1787; 651-539-1824

**ADDITIONAL INSTRUCTIONS:**

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

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- Other delays-
    - Documentation and description of any other delays that pushed back the expected project completion date by one year; and
    - A cost estimate to the delays, if any.

Minnesota Power filed Reply Comments addressing these items on February 24, 2025.

- a. Please confirm the answers provided in the Reply Comments to the request above are still valid. If applicable, please provide any changes or updates.
- b. Was an alternative product and/or supplier for certain small hardware components and compression fittings for the transmission line identified and secured? Did line construction begin in July 2025 as planned?

**Response:**

- a. Minnesota Power reviewed the answers provided in its February 24, 2025 Reply Comments and determined they are still valid and there are no updates or changes to report at this time.
- b. In order to procure enough hardware and miscellaneous materials to begin construction Minnesota Power pursued three concurrent paths:
  - 1) The Company' Supply Chain Department met frequently with the principal material supplier and applied all practical pressure to improve deliveries, including receiving partial shipments to allow work to start.
  - 2) Alternative suppliers were identified who could meet the Company's technical specifications and quotations were obtained for materials that were most delayed. In most cases, the alternate suppliers could not improve upon the delivery dates for key materials.

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To be completed by responder

Response Date: October 20, 2025  
Response by: Mike French  
Email Address: mfrench@mnpower.com  
Phone Number: (218) 310-9584



Minnesota Department of Commerce  
85 7th Place East | Suite 280 | St. Paul, MN 55101  
Information Request

**Docket Number:** E015/M-24-382  
**Requested From:** Minnesota Power  
**Type of Inquiry:** Financial

Nonpublic  Public  
**Date of Request:** 9/30/2025  
**Response Due:** 10/10/2025

**SEND RESPONSE VIA EMAIL TO:** [Utility.Discovery@state.mn.us](mailto:Utility.Discovery@state.mn.us) as well as the assigned analyst(s).

**Assigned Analyst(s):** Ashley Uphus, Mark Johnson

**Email Address(es):** ashley.uphus@state.mn.us; mark.johnson@state.mn.us

**Phone Number(s):** 651-539-1787; 651-539-1824

**ADDITIONAL INSTRUCTIONS:**

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- 3) The engineering design team evaluated materials that had been ordered and received for other projects that had not commenced construction, or were otherwise delayed, and identified any materials (particularly compression fittings) that could be used for the Duluth Loop Project. Materials taken from other projects were returned as material for the Duluth Loop Project were received.

Utilizing the three approaches provided the ability to secure enough line construction materials to begin overhead line construction in July 2025, as planned. Foundation work commenced in May 2025, to support the first phase of pole erection, stringing and wreck-out of the 230kV line.

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To be completed by responder

Response Date: October 20, 2025  
Response by: Mike French  
Email Address: mfrench@mnpower.com  
Phone Number: (218) 310-9584

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Comments**

**Docket No. E015/M-24-382**

Dated this 17<sup>th</sup> day of **November 2025**

**/s/Sharon Ferguson**

<b>First #</b>	<b>Name</b>	<b>Last Name</b>	<b>Email</b>	<b>Organization</b>	<b>Agency</b>	<b>Address</b>	<b>Delivery Method</b>	<b>Alternate Delivery Method</b>	<b>View Trade Secret</b>	<b>Service List Name</b>
1	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission		Electronic Service		Yes	M-24-382
2	Matthew	Brodin	mbrodin@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	M-24-382
3	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-24-382
4	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-24-382
5	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-24-382
6	Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	M-24-382
7	Discovery	Manager	discoverymanager@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service		No	M-24-382
8	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-24-382