

June 27, 2025

Will Seuffert
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-12-1359

Dear Mr. Seuffert:

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

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

The Petition was filed by Minnesota Power on May 29, 2025

The Department recommends **approval of Minnesota Power's proposed tariff changes** and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

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

MNZ/ad
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. E015/M-12-1359

I. INTRODUCTION

On May 29, 2025, Minnesota Power (MP or the Company) filed with the Minnesota Public Utilities Commission (Commission) a compliance filing¹ pursuant to and reflecting the Commission's decision in its October 7, 2013, *Order Modifying Service Extension Tariff and Requiring Further Filings*.² The October 7 Order required MP to make annual compliance filings of service-extension costs when costs change by more than five percent. The Company has filed numerous compliance filings pursuant to the October 7th Order. Department notes that a history of the Company's approved extension cost allowances is included in the Company's filing for comparison purposes.³

MP's Petition proposes to increase the cost for a single-phase line extension of 1,000 feet or less from by changing the allowance from \$37.00 per foot to \$41.00 per foot.⁴ The Company also proposes to change the cost allowances for single-phase general service from \$1,020 to \$1,532, three-phase general service from \$3,152 to \$4,735. The Company proposes to maintain the residential service extension cost at \$751, as it changed by less than five percent, and the Large Light and Power allowance at \$30,000.⁵ The Company's Attachment A⁶ shows the calculation of the service-extension allowance for each applicable customer class category while Attachment B shows the cost of individual line extensions less than 1,000 feet in 2024.⁷

II. PROCEDURAL BACKGROUND

December 26, 2012 MP filed a request for a Modification of its Service Extension Tariff.⁸

October 7, 2013 The Commission issued its October 7th Order accepting MP's compliance filings and requiring annual compliance filings of service-extension costs when costs change by more than five percent.⁹

¹ *In the Matter of Minnesota Power's Request to Modify its Service Extension Tariff*, Minnesota Power, Compliance Filing, May 29, 2025, Docket No. E-015/M-12-1359, (eDockets) [20255-219375-01](#), (hereinafter "Petition").

² *In the Matter of a Request by Minnesota Power for a Modification to its Service Extension Tariff, Order Modifying Service Extension Tariffs and Requiring Further Filings*, October 7, 2013, Docket No. E-015/M-12-1359, (eDockets) [201310-92186-01](#), (hereinafter "October 7th Order").

³ *Petition* at 1-2.

⁴ *Id.* at 4.

⁵ *Id.* at 3-4

⁶ *Id.* Attachment A

⁷ *Id.* Attachment B

⁸ *In the Matter of a Request by Minnesota Power's for a Modification to its Service Extension Tariff*, Minnesota Power, Petition, December 26, 2012, Docket No. E-015/M-12-1359, (eDockets) [201212-82164-01](#).

⁹ October 7 Order

May 29, 2025

MP filed its most recent compliance filing pursuant to the October 7th Order proposing to update the cost per foot for a single-phase line extension under 1000 feet, and the service extension allowances for single-phase general service and three-phase general service.

No notice of comment period has been issued at this time by the Commission. The Department provides the following comments and recommendations regarding MP's Petition.

III. DEPARTMENT ANALYSIS

The Department reviewed the Company's filing to confirm the Company's calculations and to assess the reasonableness of MP's proposals. The Department addresses the Company's updated per-unit cost of its single-phase line extension of 1,000 feet or less and the updates to the other classes service extension allowances. The Department notes that despite the Company's extension cost calculator showing the costs for the Large Light and Power allowance have changed by more than 5 percent, no change is proposed because the current \$30,000 amount was set as a limit by the Commission in the October 7 Order¹⁰ as the point after which individual negotiations on cost recoupment are required for Large Light and Power service extensions.¹¹ As such no change to the Large Light and Power allowance is necessary.

A. *MP'S SINGLE-PHASE LINE EXTENSION OF 1,000 FEET OR LESS*

In its November 15, 2013, Comments¹² in this Docket, the Department concluded that MP's Compatible Unit Estimator (CUE) was reasonable to use for calculating the per-foot cost of a single-phase line extension of 1,000 feet or less. As shown in the Company's Attachment B, the CUE estimate was \$48.41 per foot, however the actual average cost per experienced by the Company in 2024 was \$41.10 per foot.¹³ The Company's proposal of \$41.00 per foot closely matches the actual costs experienced by the Company. The Company states this increase was due to increased amounts of underground work being performed, which requires more specialized equipment and labor, in addition to normal inflationary factors.¹⁴

The Department reviewed the Company's proposal and concluded that it reasonably reflects actual costs that have been likely impacted by recent years of high levels of inflation. The Department will continue to monitor the reasonableness of using the CUE for the purpose of setting the cost of the Company's single-phase line extensions of 1,000 feet or less in future years, as the CUE estimator was significantly higher than actual costs experienced, which is reflected in the Company's proposal. Additionally, the Department notes that the CUE estimator has had previous periods of inaccuracy related to the COVID-19 pandemic, but its accuracy did return to normal levels after the disruption that

¹⁰ October 7 Order, Order Point 3.

¹¹ Petition Page 4.

¹² *In the Matter of a Request by Minnesota Power's for a Modification to its Service Extension Tariff*, Department, Response Comments, November 15, 2013, Docket No. E015/M-12-1359, (eDockets) [201311-93765-01](#).

¹³ *Petition* Attachment B.

¹⁴ *Petition* at 4-5

appeared to occur during 2021. The Department concludes that MP's proposal to increase the cost for single-phase line extensions of 1,000 feet or less to \$41.00 per-foot complies with the Commission's previous order.¹⁵ **The Department recommends that the Commission approve the Company's proposed change.**

B. MP'S GENERAL SERVICE SINGLE-PHASE, AND GENERAL SERVICE THREE-PHASE SERVICE EXTENSION ALLOWANCE

MP's proposed update of the general service single-phase and general service three-phase service extension allowances is a greater than 5% decrease of the allowances currently in place. The Department reviewed the Company's model and the results from the model for the last several years. This model was updated in the Company's 2019 Compliance Filing to separate the single-phase and three-phase extensions for general service.¹⁶ This change was necessary due to the Commission's March 12, 2018, *Findings of Fact, Conclusions, and Order* in Docket No. E015/GR-16-664, which established separate single-phase and three-phase extensions.¹⁷ In general, the Department expects that the costs of these three types of service extensions are likely to fluctuate over time. The Department does not have concerns with the Company's model at this time but will continue to review the results provided in MP's future compliance filings.

As such, **the Department recommends that the Commission approve the Company's proposed general service single-phase service extension increase from \$1,020 to \$1,532, general service three-phase service extension increase from \$3,152 to \$4,735 as these increases exceeded 5 percent.**

IV. DEPARTMENT RECOMMENDATIONS

Based on the Department's analysis of the Petition, the Department recommends approval of the Company's proposed tariff changes related to service extension amounts. The Department provides its specific recommendations below.

A. MP'S SINGLE-PHASE LINE EXTENSION OF 1,000 FEET OR LESS

- A.1. The Department recommends that the Commission approve MP's proposal to increase the cost for single-phase line extensions of 1,000 feet or less to \$41.

B. MP'S GENERAL SERVICE SINGLE-PHASE, AND GENERAL SERVICE THREE-PHASE SERVICE EXTENSION ALLOWANCE

- B.1. Department recommends that the Commission approve the Company's proposed general service single-phase service extension increase from \$1,020 to \$1,532, general service three-phase service extension increase from \$3,152 to \$4,735 as these increases exceeded 5 percent.

¹⁵ October 7 Order.

¹⁶ *In the Matter of Minnesota Power's Request to Modify its Service Extension Tariff*, Minnesota Power, Compliance Filing, January 30, 2019, Docket No. E-015/M-12-1359, (eDockets) [20191-149810-01](#).

¹⁷ *In the Matter of the Application of Minnesota Power's for Authority to Increase Rates for Electric Service in Minnesota*, *Findings of Fact, Conclusions, and Order*, March 12, 2018, Docket No. E-015/GR-16-664, (eDockets) [20183-140963-01](#).