

April 10, 2026

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

RE: Response Comments of the Minnesota Department of Commerce
Docket No. E015/M-25-433

Dear Ms. Bergman:

Attached are the response to reply 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 December 22, 2025 with reply comments filed on April 3, 2026.

The Department recommends the Minnesota Public Utilities Commission (Commission) **approve the Petition**. The Department is available to answer any questions the Commission may have.

Sincerely,

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

AU/ad
Attachment



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

Docket No. E015/M-25-433

I. INTRODUCTION

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides its response to reply comments in Docket No. E015/M-25-433, petition for approval of a transmission cost recovery rider (Petition) of Minnesota Power (MP or the Company).

II. PROCEDURAL BACKGROUND

- December 22, 2025 MP submitted its Petition for the Utility’s 2026 Transmission Cost Recovery Rider (TCRR).1
March 18, 2026 The Department filed Comments.2
April 3, 2026 MP filed Reply Comments.3

III. DEPARTMENT ANALYSIS

A. MINNESOTA POWER RESPONSES TO DEPARTMENT RECOMMENDATIONS AND REQUESTS FOR ADDITIONAL INFORMATION

A.1. Duluth Loop Project Capital Spending

The March 18, 2026, Department Comments recommend the Commission approve MP’s Petition with the modification to require MP to adjust its proposed rate recovery to cap the Duluth Loop total capital spending at \$108,953,301, reducing capital expenditures by \$3,720,254.

The Department’s calculation for the Duluth Loop capital spend is reflected in Table 2 of the Department’s Comments. Table 2 of the Department’s Comments was based on information presented

1 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, December 22, 2025, Docket No. E015/M-25-433 (eDockets) 202512-226103-01, hereinafter “Petition”.

2 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, March 18, 2026, Docket No. E015/M-25-433 (eDockets) 20263-229416-01, hereinafter “Department Comments”.

3 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, April 3, 2026, Docket No. E015/M-25-433 (eDockets) 20264-230000-01, hereinafter “Reply Comments.”

in the Company’s Petition Exhibit B-4, page 3. As of December 31, 2026, the projected amount of Construction Work In Progress (CWIP) is \$39,942,046 and project net plant is \$72,731,507. The Department had added these two balances to calculate proposed capital spend for recovery of \$112,673,555. When compared to the capital cost cap in 2026 dollars of \$108,953,301, the Department calculated a capital spend over cap of \$3,720,254.

MP explains Exhibit B-4, page 3 in its Reply Comments, as follows:

The CWIP amount in Table 2 is correct for the period ending December 31, 2026, and for the adjacent Total column in Exhibit B-4 shown in Figure 1. However, the Duluth Loop Project is projected to be placed in service by December 31, 2026; therefore, as of that date, the CWIP amount (\$39,942,048) is transferred into Plant in Service reducing CWIP to \$0. Minnesota Power’s proposed capital spend for recovery is calculated by adding the \$33,983,132 Plant in Service as of November 30, 2026, and the transferred amount of \$39,942,048 for a total Plant in Service of \$73,925,180 (2026 dollars).⁴

After reviewing MP’s explanation, the Department agrees that MP has remained under the cost cap for the Duluth Loop project. The Department appreciates MP clarifying its exhibit. However, the Department does believe Exhibit B-4, page 3 should reflect a zero balance for CWIP as of December 31, 2026, since the balance was transferred to plant in service.

Since the Duluth Loop project projected capital spend is under the cost cap, the Department recommends the Commission approve the Petition.

A.2. Schedule 9 Revenues from MISO for Duluth Loop Project

The March 18, 2026, Department Comments recommended MP explain in reply comments whether it will receive MISO Schedule 9 revenues from MISO for the Duluth Loop Project once the project goes into service (expected in December 2026). The Company verified in its Reply Comments that it will not receive MISO Schedule 9 revenues due to other utilities’ use of the Duluth Loop Project transmission lines once the project is placed in service. OTP explained that the Duluth Loop Project is “located entirely within the Company’s local balancing authority area and is also a baseline reliability project that does not qualify for cost allocation under the MISO Tariff.”⁵

The Department appreciates MP’s explanation of the MISO Tariff for the Duluth Loop Project and understands why MISO Schedule 9 revenues will not be received.

⁴ Reply Comments at 3.

⁵ Reply Comments at 6.

A.3. Reporting of Net Credits Received from MISO

The March 18, 2026, Department Comments recommended the Commission require MP to report in future TCR riders any net credits it receives from MISO for other utilities use of the Duluth Loop and HVDC Modernization projects once they are in-service, as well as any other applicable future projects. MP stated that it has no objection to this reporting requirement.

The Department appreciates MP's willingness to include any net credits it received from MISO for applicable projects in future TCR riders.

A.4. Financial Impact on Petition of Decreased ROE

The March 18, 2026, Department Comments noted that the ALLETE Acquisition in Docket E015/PA-24-198 required the Return on Equity (ROE) to be decreased from 9.78% to 9.65%. The Department asked MP to provide an analysis of the financial impact of the ALLETE Acquisition ROE requirement on the current Petition in their Reply Comments. The Company stated in its Reply Comments that the Petition utilizes the reduced ROE of 9.65%, as shown in Petition Exhibit B-3, page 1. MP has updated the rate of return as of January 1, 2026, as required by the acquisition docket.

The Department appreciates MP's diligence to utilize the newly authorized rate of return for its Petition and will continue to monitor the Company's utilized ROE in its subsequent TCR filings.

A.5. Tariff Revisions

Lastly, the March 18, 2026, Department Comments recommended the Commission require MP to file updated proposed tariff revisions to reflect the modifications to the Duluth Loop project due to the proposed capital spend over the cost cap. Due to the Company's clarification discussed in A.1. above, the Department concludes tariff revisions are not necessary.

The Department withdraws its recommendation to the Commission to require MP to file updated proposed tariff revisions.

IV. DEPARTMENT RECOMMENDATIONS

Based on its review and analysis of the information in the record, the Department has prepared recommendations which are provided below:

- The Department recommends the Commission approve MP's Petition.
- The Department recommends the Commission approve MP's proposed tariff revisions.
- The Department recommends the Commission require MP to report in future TCR riders any net credits it received from MISO for other utilities use of the Duluth Loop and HVDC Modernization projects once they are in service, as well as any other applicable future projects.

Attachments

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of people 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
Response Comments**

Docket No. E015/M-25-433

Dated this **10th** day of **April 2026**

/s/Sharon Ferguson

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	121 7th PI E Ste 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-433
2	Matthew	Brodin	mbrodin@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	M-25-433
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-25-433
4	Jennifer	Cady	jjcady@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service		No	M-25-433
5	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-25-433
6	Jackson	Evans	jjevans@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	M-25-433
7	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-25-433
8	Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	M-25-433
9	Jennifer	Kuklenski	jkuklenski@mnpower.com	Minnesota Power		30 W Superior St, Duluth, MN, 55802 Duluth MN, 54534 United States	Electronic Service		No	M-25-433
10	Susan	Ludwig	sludwig@mnpower.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	M-25-433
11	Discovery	Manager	discoverymanager@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service		No	M-25-433
12	Jess	McCullough	jmccullough@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service		No	M-25-433
13	Debbie	Mencel	dmencel@mnpower.com	Minnesota Power		30 West Superior Street Duluth MN,	Electronic Service		No	M-25-433

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						55802-2093 United States				
14	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-25-433
15	Analeisha	Vang	avang@mnpower.com			30 W Superior St Duluth MN, 55802-2093 United States	Electronic Service		No	M-25-433
16	Sarah	Whiting	swhiting@mnpower.com	Minnesota Power		30 W Superior St. Duluth MN, 55802 United States	Electronic Service		No	M-25-433