

MINNESOTA POWER

	Calculations Using Gross Salvage Rates								Increase (Decrease) in 2008 Annual		
	Depreciable Plant Balance 12/31/07	Depreciable Plant Balance 12/31/08	Avg. Depr. Plant Bal.-Additions in Last Quarter	Depreciation Reserve 12/31/07	Gross Decommissioning Costs to be	Gross Salvage Rate (01/01/08)	Remaining Life (01/01/08)	2008 Gross Annual Accrual	Net Salvage Rate (01/01/08)	2008 Net Annual Accrual	Accrual Due to Using Gross Salvage Rates
Steam Generation											
<u>Laskin Energy Center</u>	65,958,396	68,330,241	66,551,357	42,777,457	7,382,216	-11.19%	15.0	2,081,400	-6.19%	1,859,562	221,838
<u>Boswell</u>											
Unit No. 1	24,447,078	24,414,995	24,439,057	18,504,464	586,939	-2.40%	15.0	434,742	-0.58%	405,089	29,653
Unit No. 2	26,443,204	35,305,502	28,658,779	17,003,976	565,487	-2.14%	15.0	817,873	-0.93%	794,755	23,118
Unit No. 3	124,504,392	125,493,100	124,751,569	80,013,846	12,062,288	-9.69%	27.0	2,104,672	-7.64%	2,009,953	94,719
Unit No. 4	270,955,825	281,407,450	273,568,731	142,410,664	9,621,155	-3.55%	21.0	6,708,084	-1.81%	6,481,412	226,672
Common	115,147,185	120,825,466	116,566,755	74,468,223	2,213,853	-1.92%	19.5	2,273,673	-0.18%	2,169,659	104,014
<u>Taconite Harbor Energy Center</u>											
Structure/Unit	100,163,875	134,938,489	108,857,529	9,457,781		-5.17%	19.0	5,527,773	-7.58%	5,665,850	(138,077)
Ash Ponds	2,587,613	2,507,705	2,567,636	1,664,042	5,307,887	-5.17%	3.0	345,447	-7.58%	366,074	(20,627)
Total	<u>730,207,568</u>	<u>793,222,948</u>	<u>745,961,413</u>	<u>386,300,453</u>				<u>20,293,664</u>		<u>19,752,354</u>	<u>541,310</u>

Only includes facilities which have decommissioning costs/salvage rates

	Calculations Using Gross Salvage Rates								Increase (Decrease) in 2009 Annual		
	Depreciable Plant Balance 12/31/08	Depreciable Plant Balance 12/31/09	Avg. Depr. Plant Bal.-Additions in Last Quarter	Depreciation Reserve 12/31/08	Gross Decommissioning Costs to be	Gross Salvage Rate (01/01/09)	Remaining Life (01/01/09)	2009 Gross Annual Accrual	Net Salvage Rate (01/01/09)	2009 Net Annual Accrual	Accrual Due to Using Gross Salvage Rates
Steam Generation											
<u>Laskin Energy Center</u>	68,330,241	70,743,325	68,933,512	44,076,002	8,574,264	-12.55%	14.0	2,393,476	-4.44%	1,994,154	399,322
<u>Boswell</u>											
Unit No. 1	24,414,995	33,742,947	26,746,983	18,886,280	829,885	-3.40%	14.0	626,436	-1.41%	588,417	38,019
Unit No. 2	35,305,502	34,921,928	35,209,609	17,352,541	799,795	-2.27%	14.0	1,332,595	-1.05%	1,301,912	30,683
Unit No. 3	125,493,100	456,853,409	208,333,177	81,511,340	16,962,254	-13.52%	26.0	5,961,095	-10.52%	5,720,711	240,384
Unit No. 4	281,407,450	279,942,226	281,041,144	145,608,159	13,535,550	-4.81%	20.0	7,447,553	-2.81%	7,166,512	281,041
Common	120,825,466	128,292,764	122,692,291	73,825,795	3,109,672	-2.57%	18.5	2,811,875	-0.87%	2,699,131	112,744
<u>Taconite Harbor Energy Center</u>											
Structure/Unit	134,938,489	135,553,248	135,092,179	10,401,095		-3.86%	18.0	7,216,980	-3.48%	7,188,461	28,519
Ash Ponds	2,507,705	3,643,749	2,791,716	1,856,598	5,307,887	-3.86%	2.0	521,439	-3.48%	516,135	5,304
Total	<u>793,222,948</u>	<u>1,143,693,596</u>	<u>880,840,610</u>	<u>393,517,810</u>				<u>28,311,449</u>		<u>27,175,433</u>	<u>1,136,016</u>

Only includes facilities which have decommissioning costs/salvage rates

MINNESOTA POWER

	Calculations Using Gross Salvage Rates								Net Salvage Rate (01/01/10)	2010 Net Annual Accrual	Increase (Decrease) in 2010 Annual Accrual Due to Using Gross Salvage Rates
	Depreciable Plant Balance	Depreciable Plant Balance	Avg. Depr. Plant Bal.-Additions in	Depreciation Reserve	Decommissioning Costs to be Recovered	Gross Salvage Rate	Remaining Life	2010 Annual Accrual			
	12/31/09	12/31/10	Last Quarter	12/31/09		(01/01/10)	(01/01/10)				
Steam Generation											
<u>Laskin Energy Center</u>	70,743,325	72,409,799	71,159,944	46,412,844	8,574,264	-12.12%	15.0	2,224,779	-4.44%	1,860,440	364,339
<u>Boswell</u>											
Unit No. 1	33,742,947	33,867,056	33,773,974	17,367,861	829,885	-2.46%	15.0	1,149,130	-1.41%	1,125,488	23,642
Unit No. 2	34,921,928	35,288,124	35,013,477	18,247,191	799,795	-2.29%	15.0	1,171,206	-1.05%	1,142,262	28,944
Unit No. 3	456,853,409	426,167,619	449,181,962	71,459,461	18,858,254	-4.13%	25.0	15,850,949	-3.19%	15,682,056	168,893
Unit No. 4	279,942,226	351,701,533	297,882,053	149,920,913	13,535,550	-4.84%	26.0	6,245,332	-2.81%	6,012,755	232,577
Common	128,292,764	161,997,787	136,719,020	74,239,920	3,109,672	-2.42%	20.0	3,289,385	-0.87%	3,183,428	105,957
<u>Taconite Harbor Energy Center</u>											
Structure/Unit	135,553,248	139,360,939	136,505,171	17,253,953	5,307,887	-3.81%	17.0	7,320,710	-3.48%	7,294,212	26,498
Ash Ponds	3,643,749	4,756,867	3,922,029	2,626,659		-3.81%	1.0	1,444,799	-3.48%	1,431,856	12,943
Total	1,143,693,596	1,225,549,724	1,164,157,628	397,528,802				38,696,290		37,732,497	963,793

Only includes facilities which have decommissioning costs/salvage rates

	Calculations Using Gross Salvage Rates								Net Salvage Rate (01/01/11)	2011 Net Annual Accrual	Increase (Decrease) in 2011 Annual Accrual Due to Using Gross Salvage Rates
	Depreciable Plant Balance	Depreciable Plant Balance	Avg. Depr. Plant Bal.-Additions in	Depreciation Reserve	Decommissioning Costs to be Recovered	Gross Salvage Rate	Remaining Life	2011 Annual Accrual			
	12/31/10	12/31/11	Last Quarter	12/31/10		(01/01/11)	(01/01/11)				
Steam Generation											
<u>Laskin Energy Center</u>	72,409,799	79,691,240	74,230,159	48,171,210	8,574,264	-11.84%	14.0	2,489,129	-4.44%	2,096,769	392,360
<u>Boswell</u>											
Unit No. 1	33,867,056	45,652,011	36,813,295	18,462,883	829,885	-2.45%	14.0	1,375,167	-1.41%	1,347,820	27,347
Unit No. 2	35,288,124	35,288,124	35,288,124	19,367,434	799,795	-2.27%	14.0	1,194,409	-1.05%	1,163,658	30,751
Unit No. 3	426,167,619	446,366,406	431,217,316	80,936,102	18,858,254	-4.43%	24.0	15,391,006	-3.19%	15,168,210	222,796
Unit No. 4	351,701,533	348,460,130	350,891,182	146,933,631	13,535,550	-3.85%	25.0	8,698,674	-2.81%	8,552,704	145,970
Common	161,997,787	170,349,631	164,085,748	76,351,298	3,109,672	-1.92%	19.0	4,783,416	-0.87%	4,692,737	90,679
<u>Taconite Harbor Energy Center</u>											
Structure/Unit	139,360,939	140,413,083	139,623,975	23,841,655	5,307,887	-3.68%	16.0	7,557,530	-3.48%	7,540,077	17,453
Ash Ponds	4,756,867	4,631,642	4,725,561	3,517,887		-3.68%	4.0	345,394	-3.48%	343,031	2,363
Total	1,225,549,724	1,270,852,267	1,236,875,360	417,582,100				41,834,725		40,905,006	929,719

Only includes facilities which have decommissioning costs/salvage rates

MINNESOTA POWER

	Calculations Using Gross Salvage Rates								Net Salvage Rate (01/01/12)	2012 Net Annual Accrual	Increase (Decrease) in 2012 Annual Accrual Due to Using Gross Salvage Rates
	Depreciable Plant Balance 12/31/11	Depreciable Plant Balance 12/31/12	Avg. Depr. Plant Bal.-Additions in Last Quarter	Depreciation Reserve 12/31/11	Decommissioning Costs to be Recovered	Gross Salvage Rate (01/01/12)	Remaining Life (01/01/12)	2012 Annual Accrual			
Steam Generation											
<u>Laskin Energy Center</u>	79,691,240	78,897,626	79,492,837	50,233,595	8,574,264	-10.76%	13.0	2,908,667	-4.44%	2,522,209	386,458
<u>Boswell</u>											
Unit No. 1	45,652,011	45,632,633	45,647,167	19,891,895	829,885	-1.82%	13.0	2,045,081	-1.41%	2,030,684	14,397
Unit No. 2	35,288,124	35,288,124	35,288,124	20,567,754	799,795	-2.27%	13.0	1,193,955	-1.05%	1,160,838	33,117
Unit No. 3	446,366,406	449,977,387	447,269,151	92,456,924	18,858,254	-4.22%	23.0	16,247,260	-3.19%	16,046,961	200,299
Unit No. 4	348,460,130	352,488,077	349,467,117	148,144,232	13,535,550	-3.88%	24.0	8,953,425	-2.81%	8,797,621	155,804
Common	170,349,631	175,565,958	171,653,713	78,756,994	3,109,672	-1.83%	18.0	5,335,443	-0.87%	5,243,895	91,548
<u>Taconite Harbor Energy Center</u>											
Structure/Unit	140,413,083	142,587,224	140,956,618	30,963,280	5,307,887	-3.66%	15.0	7,676,823	-3.48%	7,659,909	16,914
Ash Ponds	4,631,642	4,992,892	4,721,955	3,827,200		-3.66%	3.0	355,859	-3.48%	353,026	2,833
Total	<u>1,270,852,267</u>	<u>1,285,429,921</u>	<u>1,274,496,681</u>	<u>444,841,874</u>				<u>44,716,513</u>		<u>43,815,143</u>	<u>901,370</u>

Only includes facilities which have decommissioning costs/salvage rates

Grand total Increase in Annual Accrual 2008-2012 Due to Using Gross Salvage Rates 4,472,208

Months 36
Monthly Amount 124,228

Rounded Monthly Amount 124,200
Grand total Increase in Annual Accrual 2008-2012 Due to Using Gross Salvage Rates - Using Rounded Monthly Amount 4,471,200