

October 1, 2025

PUBLIC DOCUMENT

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

RE: **PUBLIC** Comments of the Minnesota Department of Commerce
Docket No. E015/M-25-309

Dear Ms. Bergman:

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

Petition for Approval of Investments and Expenditures in the Longspur Wind Project for Recovery through Minnesota Power's Renewable Resources Rider under Minn. Stat. §216B.1645.

The Petition was filed by Minnesota Power on August 4, 2025.

The Department recommends approval with conditions and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

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

MBK/SR/ad
Attachment

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Acronyms and Abbreviations

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AC	Alternating Current
ADITA	Accumulated Deferred Income Tax Asset
BOC	Begin of Construction
BOT	Build-Own Transfer
CFS	Carbon Free Standards
DPP	MISO Definitive Planning Phase; Longspur is in phase 3 of MISO's DPP process (DPP3) – study period conclusion anticipated in late 2025 (PDF p. 89)
DSES	Distributed Solar Energy Standard
EETS	Eligible Energy Technology Standard
EPC	Engineering, Procurement, and Construction (regarding contractor to work with project team; filing p. 26)
ERAS	MISO Expedited Resource Addition Study
FAC	Fuel and Purchased Energy Adjustment Clause
GIA	Generator Interconnection Agreement
H.R. 1	H. Con. Res. 14, Title II Reconciliation (a.k.a. "One Big Beautiful Bill Act")
HVDC	High-Voltage Direct Current
IE	Independent Evaluator Levelized Consulting (organization that produced a report for MP evaluating the bids received in the RFP)
IRA	Inflation Reduction Act
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
ITCs	Investment Tax Credits
Kv	Kilovolt
LCOE	Levelized Cost of Energy
LRZ	Local Resource Zone (in reference to MISO LRZ)
LTSA	Long-term Service Agreement
MISO	Midcontinent Independent Systems Operator
MP	Minnesota Power
MW	Megawatt
NOL	Net Operating Loss
NPV	Net Present Value
OEM	Original equipment manufacturer
PPA	Power Purchase Agreement
PTCs	Production Tax Credits
RECs	Renewable Energy Credits
RERRA	Relevant Electric Retail Regulatory Authority (reference to verification letter from MPUC to submit into MISO's ERAS interconnection process from Petition p. 10)
RES	Renewable Energy Standard
RFP	Request for Proposal
RRR	Renewable Resources Rider
SIS	System Impact Study (related to MISO DPP process)



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

Docket No. E015/M-25-309

I. INTRODUCTION

On August 3, 2025, Minnesota Power (MP or the Company) filed its Petition for Approval of Investments and Expenditures in the Longspur Wind Project for Recovery through Minnesota Power’s Renewable Resources Rider (Petition).1 The Longspur Wind Project is a 200 MW alternating current (“AC”) wind facility that will be in Morton County, North Dakota and will cost approximately \$790.9 million to build. The Petition requests that the Commission:

- Approve for investments and expenditures related to the Longspur Wind Project pursuant to Minn. Stat. § 216B.1645.2
o Minnesota Power claims development of this 200 MW wind project will facilitate compliance under the requirements of Minn. Stat. § 216B.1691.3
• Approve including the costs associated with the project in the existing Renewable Resources Factor under the Renewable Resources Rider.
• Expedite review of this petition to facilitate a public hearing by April 30, 2026 and final approval by June 30, 2026 to facilitate project qualification for Inflation Reduction Act (IRA) tax incentives.

II. PROCEDURAL BACKGROUND

January 9, 2023 The Commission issued its Order Approving Plan and Setting Additional Requirements (IRP Order).4 The IRP Order ordered Minnesota Power to acquire at least 300 MW and up to 400 MW of wind with at least 200 MW in service by 2026, as practicable. The order also approved a bidding process for Minnesota Power.

August 4, 2025 Minnesota Power filed a petition for approval of investments and expenditures in its Longspur Wind Project for recovery through its Renewable Resources Rider.

Below are the Department’s Comments in response to the Petition.

1 Minnesota Power, Petition, August 3, 2025, (eDockets) 20258-221715-01 (hereinafter “Petition”).
2 Minn. Stat. § 216B.1645 (2024).
3 Minn. Stat. § 216B.1691 (2024).
4 In the Matter of Minnesota Power’s 2021 – 2035 Integrated Resource Plan, Order Approving Plan and Setting Additional Requirements, January 9, 2023, Docket No. E015/RP-21-33, (eDockets) 20231-191970-01, at Order Point 1a and 4 (hereinafter “IRP Order”).

III. DEPARTMENT ANALYSIS

A. COMPLETENESS

The Commission's Rules define the Petition as a "miscellaneous filing" under Minnesota Rules 7829.0100, subp. 11 since no determination of Minnesota Power's overall revenue requirement is necessary.⁵ Minnesota Rules part 7829.1300 subp. 3 contains the completeness requirements for miscellaneous filings.⁶ The Petition was also filed pursuant to Minn. Stat. § 216B.1645, which also contains completeness requirements.

The Department reviewed the Petition for compliance with completeness requirements. The Department concludes that the Petition is complete.

B. APPROVE MINNESOTA POWER'S INVESTMENTS

The Petition requests Commission approval for investments, expenditures and costs related to the Longspur Wind Project (Project) pursuant to Minn. Stat. §216B.1645 which allows the Commission to approve a schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with facilities constructed, owned, or operated by a utility to satisfy the requirements of Minn. Stat. § 216B.1691. Minn. Stat. § 216B.1691 describes Minnesota's Renewable Energy Objectives and lays out Renewable Energy Standards (RES) and Carbon Free Standards (CFS) for Electric Utilities. Minnesota Power claims development of this 200 MW wind project will facilitate compliance under the requirements of Minn. Stat. § 216B.1691.

As part of its review of the Petition, the Department looked at the need and alternatives for the Project, ratepayer protections and whether the Project meets the RES and CFS as described in Minn. Stat. § 216B.1691.

B.1. Need and Alternative Analysis

In terms of need, the IRP Order ordered Minnesota Power to acquire at least 300 MW and up to 400 MW of wind with at least 200 MW in service by 2026, as practicable.⁷ The Project is a 200 MW wind energy facility. The project has an anticipated in-service date in the fourth quarter of 2027.⁸ Upon completion, energy from the Longspur project will initially flow through the North Dakota AC system before being connected to the upgraded HVDC line that is anticipated to be completed between 2029-2030.⁹ The Company noted that it will continue to pursue negotiations with the other shortlisted projects from the RFP and evaluate procuring up to an additional 200 MW of wind generation from the remaining bids still available.¹⁰

⁵ Minn. R. [7829.0100](#), subp. 11.

⁶ Minn. R. [7829.1300](#), subp. 3.

⁷ IRP Order, January 9, 2023, Docket No. E015/RP-21-33, (eDockets) [20231-191970-01](#), at point 1(a).

⁸ Petition at 24.

⁹ Petition at 28.

¹⁰ Petition at 22.

As both an “eligible energy technology” and a “carbon-free” technology (discussed further below), the Project will help Minnesota Power to continue to comply with the Minnesota RES and CFS. Minnesota Power states it is currently exceeding the RES requirement in the near term but that it continues to assess power supply resources and pathways to meet the CFS requirements.¹¹ Therefore, the Department concludes that Minnesota Power has a need for wind per the most recent IRP and for new CFS-qualifying resources.

In terms of alternatives, Minnesota Power evaluated several alternatives under the Company’s Commission-approved bidding process. Below the Department concludes that Minnesota Power reasonably followed the steps outlined by the Commission and calculated the levelized cost of the various bids correctly. Based upon this analysis, the Department concludes that Minnesota Power has demonstrated a need for the Project and that, while MP continues to negotiate with the shortlisted wind project proposals, moving forward with Longspur is reasonable. Therefore, the Department recommends that the Commission approve Minnesota Power’s investment in the Project.

B.2. Ratepayer Protections

The Department recommends that the Commission limit cost recovery to the capital cost cap for the Project with the capital cost recovery up to the amount bid by Minnesota Power for the Project with the following conditions:¹²

- The Commission will limit cost recovery to the \$790.9 million costs used to evaluate the project;
- Limit cost recovery to only a reasonable jurisdictional allocation of costs;
- The Commission will otherwise hold the Company accountable for the price and terms used to evaluate the project;
- Ratepayers will not be put at risk for any assumed benefits that do not materialize;
- Ratepayers must be sufficiently protected from risks associated with the non-deliverability of accredited capacity and/or energy from the project;
- The Company must clearly account for all costs incurred for the project.

C. RENEWABLE ENERGY STANDARD (RES) AND CARBON FREE STANDARD (CFS) OBLIGATIONS

Minn. Stat. § 216B.1691 describes Minnesota’s Renewable Energy Objectives and provides RES and CFS obligations for Minnesota Electric Utilities.

¹¹ Petition at 7-8.

¹² For prior example of this condition see: *In the Matter of the Petition of Xcel Energy’s Purchase and Sale Agreements: Northern Wind and Rock Aetna Wind Repowering Projects*, Order Approving Wind Facility Repowering Projects, January 22, 2021, Docket No. E002/M-20-620, (eDockets) [20211-170112-01](#), at points 5 and 6.

C.1. RES Obligation

Minn. Stat. § 216B.1691 Subd 2(a) states:

Each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that the electric utility generates or procures an amount of electricity from an eligible energy technology that is equivalent to at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota by the end of the year indicated:

- (1) 2012 12 percent
- (2) 2016 17 percent
- (3) 2020 20 percent
- (4) 2025 25 percent
- (5) 2035 55 percent.

The term "eligible energy technology" is defined by Minn. Stat. § 216B.1691 subd. 1 (c) as including wind. The Department concludes that the Project qualifies for application toward Minnesota Power's RES obligation since wind is an eligible energy technology.

C.2. CFS Obligation

Minn. Stat. § 216B.1691 subd. 2g states:

In addition to the requirements under subdivisions 2a and 2f, each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology to provide the electric utility's retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that the electric utility generates or procures an amount of electricity from carbon-free energy technologies that is equivalent to at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota by the end of the year indicated:

- (1) 2030 80 percent for public utilities; 60 percent for other electric utilities
- (2) 2035 90 percent for all electric utilities
- (3) 2040 100 percent for all electric utilities.

The term "Carbon-free" is defined by Minn. Stat. § 216B.1691 subd. 1 (b) as a technology that generates electricity without emitting carbon dioxide. As wind generation does not emit carbon dioxide, the Department concludes that the Project qualifies for application toward Minnesota Power's CFS obligation.

D. RENEWABLE RESOURCE RIDER

Minnesota Power is seeking Commission approval for investments, expenditures, and costs related to the Project through Minnesota Power's Renewable Resources Rider.

Minn. Stat. § 216B. 1645, subd. 2a (a) defines which projects qualify for rider recovery:

A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with facilities constructed, owned, or operated by a utility to satisfy the requirements of section 216B.1691, provided those facilities were previously approved by the commission under section 216B.2422 or 216B.243, or were determined by the commission to be reasonable and prudent under section 216B.243, subdivision 9.

Thus, Minn. Stat. § 216B. 1645, subd. 2a (a) provides three paths for a project to address the RES or CFS to qualify for rider recovery:

- approval via Minn. Stat. § 216B.243,¹³ which establishes the CN requirements;
- approval via Minn. Stat. § 216B.2422,¹⁴ which allows a utility to select resources through a Commission-approved bidding process; or
- approval via Minn. Stat. § 216B.243 subd. 9 which states that the CN requirements do not apply to a wind or solar generation facility that is intended to be used to meet the requirements of the EETS or the CFS.

In section III.B above, the Department concludes that Minnesota Power's resource acquisition process and analysis was reasonable. In section III.C above, the Department concludes that the Project can be applied toward Minnesota Power's RES and CFS obligation. Although the Company is exceeding its RES requirements in the near term, the Company has a need for additional energy under its CFS requirements. The Project would help meet this need. Finally, the Department concludes that the Project qualifies for a CN exemption because it is being acquired via a bidding process approved by the Commission.

In summary, these three sets of analysis indicate it is reasonable to conclude that the Project will address the RES and CFS and that the Project was acquired via Minn. Stat. § 216B.2422. Therefore, the Department recommends the Commission authorize future cost recovery of the Projects through the Renewable Resource Rider, subject to Commission review and approval of specific costs to be presented by the Company in a future petition.

¹³ Minn. Stat. § [216B.243](#) (2024).

¹⁴ Minn. Stat. § [216B.2422](#) (2024).

E. MINNESOTA POWER'S BIDDING PROCESS

E.1. RFP Overview

MP issued a request for proposals (RFP) in response to Order Point 1a of the Commission's order in MP's most recent resource plan.¹⁵ Order point 1a directed MP to acquire 300 MW to 400 MW of wind, with at least 200 MW in service by 2026, as practicable.¹⁶ Order Point 4 of the IRP Order requires MP to use a bidding process.

Minnesota Power must use a bidding process for its future resource acquisitions for the projects in the IRP, as follows:

- a. Ensure that the RFP is consistent with the Commission's then-most-recent IRP order and direction regarding size, type, and timing unless changed circumstances dictate otherwise.
- b. Provide the Department and other stakeholders with notice of RFP issuances.
- c. Notify the Department and other stakeholders of material deviations from initial timelines.
- d. Update the Commission, the Department, and other stakeholders regarding changes in the timing or need that occur between IRP proceedings.
- e. In instances where Minnesota Power or an affiliate proposes a project, engage an independent evaluator to oversee the bid process and provide a report for the Commission.
- f. Request that the independent evaluator, if engaged, specifically address the impact of material delays or changes of circumstances on the bid process.
- g. Any RFP issued by Minnesota Power must include the option for both PPA and BOT proposals unless the Company can demonstrate why either a PPA or BOT proposal is not feasible.
- h. Require Minnesota Power to notify the Commission of a detailed net book value offered by Minnesota Power in a future rate recovery proceeding.
- i. Within 30 days of developing an RFP, require Minnesota Power to file a compliance filing detailing the RFP process and to include a template of the RFP.¹⁷

MP is still in the RFP process outlined above. MP used an independent evaluator (IE), Levelized Consulting, LLC for the RFP. The requirements of the RFP were:

¹⁵ IRP Order, January 9, 2023, Docket No. E015/RP-21-33, (eDockets) [20231-191970-01](#), at 13.

¹⁶ *Id.*

¹⁷ *Id.* at 14.

Analysts assigned: Mary Beth Kehrwald, Steve Rakow

- Wind resource had to be between 100 MW and 200 MW;
- Projects had to be located in Midcontinent Independent System Operator, Inc. (MISO) Local Resource Zone (LRZ) 1;
- use a proven technology;
- Commercial Online Date (COD) had to be between 1/1/2026 and 12/31/2027;
- The RFP was open to Power Purchase Agreements (PPA), Build-Own-Transfer (BOT) agreements, and MP self-build projects;
- interconnection must be at a voltage greater than or equal to 115kV;
- network upgrade costs that are assessed to the project shall be the responsibility of the bidder and must be included in the bidder's proposed pricing;
- MP is to receive all environmental benefits, such as renewable energy credits;
- Proposals must include PPA or BOT price that is firm and not subject to any revisions during MP's evaluation;
- bidder must have a credit rating for its senior unsecured debt of BBB or higher or provide additional security; and
- PPA terms must be 20 to 25 years and include a buyout provision after 12 years.¹⁸

In addition to the requirements, the RFP expressed preferences. The preferences are that projects:

- provide BOTs bids (instead of PPAs);
- have a Network Resource Interconnection Service (NRIS);
- have MISO Definitive Planning Phase 2 (DPP2) cost estimates;
- provide delivery to MP's MISO load node (MP.MP) with the bidder being responsible for congestion costs and losses;
- be located in an Energy Impacted Community as defined in the Federal Inflation Reduction Act;
- maximize energy production during winter months;
- be located in an energy impacted community as defined in the Federal Inflation Reduction Act (IRA);
- have materials sourced domestically; and
- from a diverse business.¹⁹

E.2. Summary of Bids Received

Self-build proposals were submitted on April 10, 2024. Third-party proposals were submitted on April 11, 2024. A total of **[TRADE SECRET DATA HAS BEEN EXCISED]** were proposed. One project **[TRADE SECRET DATA HAS BEEN EXCISED]** Other projects **[TRADE SECRET DATA HAS BEEN EXCISED]** In all,

¹⁸ Petition at Appendix A, page 12 of 41; also see MP's *Request for Proposals For Wind Resource*, Released: February 15, 2024.

¹⁹ Petition at Appendix A, page 12 of 41; also see MP's *Request for Proposals For Wind Resource*, Released: February 15, 2024.

[TRADE SECRET DATA HAS BEEN EXCISED] Table A-1 of Appendix A of the Petition provides details on the projects and proposals.²⁰

E.3. Completeness Check

In the first phase of the RFP, the IE performed a completeness review of the bids. The completeness review ensures compliance with bid submittal requirements.

[TRADE SECRET DATA HAS BEEN EXCISED] The IE's report discusses issues with certain bids meeting all RFP requirements. First, **[TRADE SECRET HAS BEEN EXCISED]** These bidders were asked if they would be willing to revise their proposals to meet the RFP requirements and **[TRADE SECRET DATA HAS BEEN EXCISED]**²¹

Second, one project **[TRADE SECRET DATA HAS BEEN EXCISED]** This project was reviewed by MP and the IE and was deemed to meet the requirements.²²

The Department concludes that the completeness review was reasonable.

E.4. Proposal Evaluation and Shortlisting

In the second phase of the RFP, the IE (with MP's help) performed an evaluation of the merits of the proposals. The merits review ensures bids are ranked in accordance with the terms of the RFP and results in all proposals being ranked and then certain proposals are placed on the short list.

MP and the IE performed both a quantitative review and a qualitative review. The quantitative review largely calculated the levelized cost of energy (LCOE) for the proposals.²³ The results of the quantitative evaluation are shown in Tables A-4 to A-7 of Appendix A the Petition. The Department reviewed the LCOE calculations as provided in response to Department Information Request No. 8.²⁴ Based upon that review the Department concludes that the quantitative review was reasonable.

The qualitative review involved checking numerous facets of the proposals. These facets range from items such as **[TRADE SECRET DATA HAS BEEN EXCISED]**.²⁵ Each proposal was given a score for each facet. The facets **[TRADE SECRET DATA HAS BEEN EXCISED]**.²⁶ The Department reviewed the qualitative review as provided in response to Department Information Request No. 10. Based upon that review the Department concludes that the qualitative review was reasonable.

²⁰ Petition at Appendix A, page 11 of 41.

²¹ Petition at Appendix A, page 13 of 41

²² Petition at Appendix A, page 13 of 41.

²³ Petition at Appendix A, page 6 of 41.

²⁴ Department Attachment 1, Company response to DOC IR No. 8.

²⁵ Department Attachment 2, Company response to DOC IR No. 10.

²⁶ Id.

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Finally, MP and the IE reviewed the results of the quantitative review and qualitative review and concluded that shortlisting the following projects was appropriate:

- MP Longspur;
- **[TRADE SECRET DATA HAS BEEN EXCISED]**²⁷

The shortlisted projects tended to perform well in both the quantitative review and the qualitative review. The non-shortlisted projects tended to perform poorly in both reviews.

The Department concludes that the choices for shortlisting were reasonable.

E.5. Changes to Proposals

According to the Petition MP “worked with the shortlisted bidders to assess the risk of the projects, requested updated pricing to meet Minnesota Power technical specifications and reevaluated the projects where the costs were increased from the initial bids received.”²⁸

The IE’s Report summarizes the changes to the shortlisted projects as follows. For MP’s Longspur proposal:

- **[TRADE SECRET DATA HAS BEEN EXCISED]**²⁹

For the **[TRADE SECRET DATA HAS BEEN EXCISED]**³⁰

²⁷ Petition at 20; Petition at Appendix A, page 29 of 41.

²⁸ Petition at 21.

²⁹ Petition at Appendix A, pages 30-31 of 41.

³⁰ Petition at Appendix A, pages 34-35 of 41.

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Note that additional changes were **[TRADE SECRET DATA HAS BEEN EXCISED]**³¹

For the **[TRADE SECRET DATA HAS BEEN EXCISED]**³²

For the **[TRADE SECRET DATA HAS BEEN EXCISED]**³³

The IE's report, after discussing the above changes, noted the following:

[TRADE SECRET DATA HAS BEEN EXCISED]³⁴

³¹ Petition at Appendix A, pages 35 of 41.

³² Petition at Appendix A, pages 30 of 41.

³³ Petition at Appendix A, pages 30 of 41.

³⁴ Petition at Appendix A, pages 38 of 41.

The IE then updated the quantitative analysis based upon the new information. The impacts of the updates are shown in Table A-11 of Appendix A of the Petition. The Department reviewed the updated LCOE calculations as provided in response to Department Information Request No. 8.³⁵ The Department also compared the updated quantitative analysis, in Table A-11, to the original quantitative analysis, in Tables A-4 to A-7. Based upon that review the Department concludes that the updated quantitative review was reasonable. In particular, the Longspur project still merits shortlisting after the updates. While it is clearly preferable for bids to not change significantly during the RFP process, that is not a realistic expectation in the current environment.

Department Information Request No. 21 requested MP explain the difference between the estimated \$790.9 million project cost cited in the petition and the cost stated in Table A-9.³⁶ After reviewing MP's response, the Department went back to the LCOE calculations provided in response to Department Information Request No. 8. **[TRADE SECRET DATA HAS BEEN EXCISED]** In summary, the difference between the estimated \$790.9 million project cost cited in the petition and the cost stated in Table A-9 would not change the Department's recommendation, even if the costs accounting for the difference were only applied to Longspur and not any other project.

E.6. Summary

The Department concludes that Minnesota Power has complied with the RFP process outlined in the Commission's IRP Order. In addition, the Department concludes that the Longspur project still merits being on the shortlist. Given the relative rankings of the projects on the shortlist, MP's resource needs, and the changing environment for renewable projects, moving forward with MP's Longspur project is reasonable.

F. ECONOMIC DEVELOPMENT

Minn. Stat. § 216B.1691, subd. 9 (a) describes reasonable actions the Commission must take to maximize net benefits to all Minnesota citizens.

- (1) the creation of high-quality jobs in Minnesota paying wages that support families;
- (2) recognition of the rights of workers to organize and unionize;
- (3) ensuring that workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in environmental justice areas;

³⁵ Department Attachment 1, Company response to DOC IR No. 8.

³⁶ Department Attachment 3, Company response to DOC IR No. 21.

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- (4) ensuring that all Minnesotans share (i) the benefits of clean and renewable energy, and (ii) the opportunity to participate fully in the clean energy economy;
- (5) ensuring that statewide air emissions are reduced, particularly in environmental justice areas; and
- (6) the provision of affordable electric service to Minnesotans, particularly to low-income consumers.

In the IRP Order, the Commission required Minnesota Power to meet its customer and renewable product needs between 2025 and 2030 by: working with organized labor and other interested stakeholders to maximize socioeconomic benefits to customers and host communities by prioritizing utility investment in its service territory, use of local labor for construction and permanent staffing, and development of apprenticeship pathways when procuring new energy resources.³⁷

The Company plans to utilize local union labor and businesses and will meet the prevailing wage and apprenticeship requirements outlined in the IRA in constructing the project, located in North Dakota.³⁸ The location is in close proximity to the Company's Bison wind facility, which will allow the sharing of some resources.³⁹ The Company estimates that 200-300 workers will be involved in construction of the project.⁴⁰ The Project is also located in a census tract identified by the U.S. Department of Energy as containing or adjoining a tract containing a coal-fired electric generation unit retirement.⁴¹ This location allows the utility to reinvest in a community affected by the energy transition.

In discussing economic development within the petition, Minnesota Power states that while the project is not located in Minnesota, it will provide benefits for Minnesotans.⁴² Longspur will "support the Company's carbon free energy transition while keeping costs reasonable for Minnesota Power customers and increase the ability of Minnesotans [to] share in the benefit of clean and renewable energy."⁴³

The Department concludes that the Project meets the requirements or for economic development as described in Minn. Stat. § 216B.1691, subd. 9 (a) and the IRP Order.

G. RELIABILITY

The need for up to 400 MW of wind generation arose from Minnesota Power's was acknowledged by the PUC in the Order from the Company's most recent IRP.⁴⁴ The IRP process seeks "to select a plan that balances the needs for maintaining reliability, reducing adverse environmental and socioeconomic burdens, and minimizing rates," by analyzing various options under a variety of assumptions and with

³⁷ IRP Order, January 9, 2023, Docket No. E015/RP-21-33, (eDockets) [20231-191970-01](#), at Order Point 1c.

³⁸ Petition at 26.

³⁹ Petition at 17.

⁴⁰ Petition at 26.

⁴¹ Petition at 17.

⁴² Petition at 26.

⁴³ Id.

⁴⁴ IRP Order, January 9, 2023, Docket No. E015/RP-21-33, (eDockets) [20231-191970-01](#), at 1b.

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intense stakeholder input.⁴⁵ Although this project was not specifically selected in the IRP process, the resource type and capacity were modeled and determined to meet the needs of the system without negatively impacting reliability. Furthermore, the Project will follow the MISO process, which is designed to interconnect and operate generation in a fashion that does not negatively impact reliability.

Additionally, the project will connect to the Company's HVDC project after the HVDC Modernization Project is completed (anticipated between 2029 and 2030).⁴⁶ While the project will initially need to rely on North Dakota's AC transmission system, when the HVDC Modernization Project is completed, it should benefit from the line's ability to mitigate congestion and curtailment.⁴⁷

Overall, the Department concludes that there is no indication that the Project will create negative reliability impacts.

H. RATEPAYER IMPACTS

Minnesota Power's bidding process evaluates reasonable alternatives in an economic manner. The Project was shortlisted and recommended by the independent evaluator to be selected, in part, due to having the lowest levelized cost of energy⁴⁸—which means having the lowest direct impact on ratepayers. The enhanced deliverability anticipated from the HVDC line that the Project's energy will flow on is an additional benefit to ratepayers through avoiding congestion costs.⁴⁹ Therefore, the Department concludes that the Project's impact on ratepayers is reasonable.

The Company projects that the average rate impact for a residential customer would be a 5.04% increase or about \$5.21 more per month in 2029.⁵⁰ Decommissioning costs were excluded from the customer rate impact model; however, these costs are estimated to increase average monthly residential bills by \$0.00318, so they are de minimis.⁵¹

I. TAX MATTERS

Minnesota Power expects the Project to go into service in late 2027 and is anticipated to qualify for production tax credits (PTC). The Project will use prevailing wage and apprenticeship requirements and is expected to qualify for 110 percent of the PTC value, which is approximately **[TRADE SECRET DATA HAS BEEN EXCISED]** in earned credits during the first 10 years the Project is in service.⁵²

⁴⁵ Id. at 3.

⁴⁶ Petition at 28.

⁴⁷ Petition at 28.

⁴⁸ Petition at 5. See also Petition at Tables A-4 to A-7 and A-11.

⁴⁹ Petition at 28.

⁵⁰ Petition at 38; the Company notes that the actual total rate and bill impact will be lower when the Fuel and Purchased Energy Adjustment Clause (FAC) is factored in. See also MP's Table 4 on Petition page 39 for estimated average rate impacts by customer class and year.

⁵¹ Department Attachment 4, Company response to DOC IR No. 16.

⁵² Petition at 24.

The Petition acknowledges the current federal regulatory uncertainty which may impact some of the project's logistics,⁵³ but the Company requests an expedited review in order to try to take advantage of the tax credit benefits of the Inflation Reduction Act (IRA) despite the accelerated phase-out of wind and solar PTCs under H.R. 1.⁵⁴

In addition, MP stated:⁵⁵

The IRA currently allows PTCs generated after 2022 to be transferred (sold) to an eligible taxpayer in exchange for cash, which the Company intends to do for Longspur-generated PTCs. Transferring credits is a benefit to customers because the ADITA [Accumulated Deferred Income Tax Asset] will remain unchanged; the credits earned will increase the ADITA, but the cash received will immediately reduce the ADITA. This will allow the ADITA to decrease faster than if the Company retained the credits for its own use. Minnesota Power expects to transfer the PTCs at a discount which is necessary to incentivize eligible transferee taxpayers to purchase the credits. The discount will reduce the net benefit of the PTCs to customers, but the cumulative benefit of immediately reducing the ADITA through the sale of PTCs and customers seeing those benefits sooner will outweigh the detriment of the discount. The benefits will flow through the Renewable Resource Rider.

The Company used a discount rate of **[TRADE SECRET DATA HAS BEEN EXCISED]** when calculating the estimated benefit of PTCs.⁵⁶ This is a change from the **[TRADE SECRET DATA HAS BEEN EXCISED]** discount rate reflected in the Company's most recent RRR filing, but the Company noted that the next RRR filing will reflect the actual discount rate achieved in 2025.⁵⁷

The Department reviewed MP's estimate of PTC benefits of **[TRADE SECRET DATA HAS BEEN EXCISED]** for the first 10 years the Project is in-service and concludes that the estimate is reasonable.

The Department generally agrees with MP's proposal to sell PTCs and recommends Commission approval. However, to ensure there are net benefits to ratepayers, the Department recommends that the Commission require MP to track the actual cost and benefits of selling PTCs in its annual Renewable Resource Rider filings. To calculate the cost, MP would use the increased Renewable Resource Rider revenue requirement due to additional costs/discount from selling the PTCs. To calculate the benefit, MP would calculate the revenue requirement impact of the reduced ADITA from

⁵³ Petition at 25.

⁵⁴ Petition at 23. The petition states "Wind projects that commence construction by July 4, 2026 or are placed in service by December 31, 2027 are expected to remain eligible for these credits [Wind and Solar ITCs and PTCs]." MP is targeting a Q4 2027 in service date for the Longhorn project.

⁵⁵ Petition at 24 - 25.

⁵⁶ Department Attachment 5, Company response to DOC IR No. 18.

⁵⁷ Id.

selling the PTCs.⁵⁸ To the extent the cost benefit tracker does not show a net benefit to ratepayers, the Department recommends MP refund the difference. The Department made similar recommendations in Xcel's Renewable Energy Standard Rider in Docket No. E002/M-23-454.⁵⁹

J. OTHER CRITERIA

The Department includes a discussion of the project's proposed timing and the uncertainty of the current regulatory environment below.

J.1. Timing

As noted in the petition, H.R. 1 will result in the discontinuation of PTCs, and in order to be eligible for PTCs, the project must begin construction within one year of enactment of H.R. 1 or be in service by December 31, 2027.⁶⁰ With a projected in-service date of late 2027, this means that it will be very important for the project to stay on time.⁶¹ If the project were to miss the 2027 in-service date goal, it would lose PTC eligibility unless its construction start is within one year of the enactment of H.R. 1. In response to a Department inquiry on how the Company will manage this time pressure, MP stated:

In order to preserve flexibility for handling the uncertainty that can occur, the Company also intends to pursue Begin of Construction (BOC) requirements prior to July 4, 2026 as described in Treasury Notice 2025-42...provided the Company receives final MPUC approval for the project by June 30, 2026 as requested in the petition. If the project meets the BOC requirements, the project will be allowed a 4-year window to complete construction, giving the schedule some additional flexibility.⁶²

J.2. Known Unknowns

As discussed in the petition, the Longhorn project is currently being evaluated in the MISO Definitive Planning Phase 3 process (DPP3) and the Company is also evaluating options for further interconnection optimization through MISO's Expedited Resource Addition Study (ERAS).⁶³ The estimated project cost of \$790.9 million is based on the reviews completed at the time of the petition.

⁵⁸ For prior examples of this condition see: Boswell Solar Order, May 13, 2025, Docket No. E015/M-24-344, (eDockets) [20255-218871-01](#), at point 11; Regal Solar Order, April 28, 2025, Docket No. E015/M-24-343, (eDockets) [20254-218200-01](#), at point 10.

⁵⁹ *In the Matter of the Petition of Northern States Power Company d/b/a/ Xcel Energy, for approval of 2024 Renewable Energy Standard (RES) Rider Revenue Requirements and a Revised RES Adjustment Factor*, Comments. Department of Commerce, June 17, 2024, Docket No. E002/M-23-454, (eDockets) [20246-207761-02](#), at 15-16. This recommendation is reflected in the Commission's Order in the same docket (eDockets) [20252-215030-01](#), at point 5.

⁶⁰ Petition at 23.

⁶¹ MP clarified in discovery that the Company intends to place the project in service by the end of 2027 per the Internal Revenue Service (IRS) definition while there will be trailing cashflows to close out the project for financial modeling purposes (data retrieved from response to Department IR No. 19).

⁶² Department Attachment 6, Company response to DOC IR No. 20. See also *Notice 2025-42*, Internal Revenue Service, (last visited September 23, 2025). Available at: <https://www.irs.gov/pub/irs-drop/n-25-42.pdf>

⁶³ Petition at 5.

This cost estimate attempts to address the uncertainty around materials, interconnection costs, and tariff impacts that are currently impacting renewable energy.⁶⁴ The Company anticipates that the MISO DPP3 results will indicate a reduction in interconnection costs for Longspur.⁶⁵ As noted in the Petition, MP also continues to negotiate with other bidders to procure up to an additional 200 MW of wind generation from the remaining bids.⁶⁶

The Department acknowledges that renewable energy is in a time of significant uncertainty and considers the Company's proposal reasonable at this time in light of the resource needs identified in the IRP Order and based on the steps that the Company described in its petition to try to leverage existing benefits despite the existing uncertainties.

Due to the level and variety of uncertainty, the Department reiterates its recommendation for a cost cap with conditions to protect ratepayers as outlined in section B.2.

IV. DEPARTMENT RECOMMENDATIONS

Based on analysis of Minnesota Power's *Petition for Approval of Investments and Expenditures in the Longspur Wind Project for Recovery through Minnesota Power's Renewable Resource Rider* and the information in the record, the Department has prepared recommendations, which are provided below. The recommendations correspond to the subheadings of Section III above.

A. COMPLETENESS

- The Department recommends that the Commission find the Petition complete.

B. APPROVE MINNESOTA POWER'S INVESTMENTS

- B.1. The Department recommends the Commission approve Minnesota Power's investment in the Longspur Wind Project.
- B.2. The Department recommends that the Commission limit cost recovery to the capital cost cap for the Project with the capital cost recovery up to the amount bid by Minnesota Power for the Project with the following conditions:
 - The Commission will limit cost recovery to the \$790.9 million costs used to evaluate the project;
 - Limit cost recovery to only a reasonable jurisdictional allocation of costs;
 - The Commission will otherwise hold the Company accountable for the price and terms used to evaluate the project;
 - Ratepayers will not be put at risk for any assumed benefits that do not materialize;
 - Ratepayers must be sufficiently protected from risks associated with the non-deliverability of accredited capacity and/or energy from the project;
 - The Company must clearly account for all costs incurred for the project.

⁶⁴ Id.

⁶⁵ Petition at 10.

⁶⁶ Petition at 22 and 30.

C. RENEWABLE ENERGY STANDARD AND CARBON FREE STANDARD

- C.1. The Department recommends that the Commission determine that the Longspur Wind Project qualifies for application toward Minnesota Power's RES obligation.
- C.2. The Department recommends that the Commission determine that the Longspur Wind Project qualifies for application toward Minnesota Power's CFS obligation.

D. RENEWABLE RESOURCE RIDER

- The Department recommends that the Commission determine that the Longhorn Wind Project is exempt from the CN requirements under the Bidding Exemption because the Project was selected in a bidding process approved by the Commission.
- The Department recommends that the Commission authorize future cost recovery of the Longhorn Wind Project through the Renewable Resource Rider, subject to Commission review and approval of specific costs to be presented by Minnesota Power in a future petition.

E. TAX MATTERS

- The Department recommends that the Commission approve MP's proposal to sell PTCs. However, to ensure there are net benefits to ratepayers, the Department recommends that the Commission require MP to track the actual cost and benefits of selling PTCs in its annual Renewable Resources Rider filings.

Attachments

Department Attachment	Description	Topic
1	Response to Department Information Request No. 8	Appendix Table A-4; calculations of Total Costs for each project
2	Response to Department Information Request No. 10	Appendix Table A-8; project scoring analysis
3	Response to Department Information Request No. 21	Longspur Wind Project Cost
4	Response to Department Information Request No. 16	Used and Useful Life; decommissioning costs
5	Response to Department Information Request No. 18	PTC Discount Rate
6	Response to Department Information Request No. 20	Longspur Wind Project Schedule

PUBLIC DOCUMENT – NOT PUBLIC DATA HAS BEEN EXCISED

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

Docket Number: E015/M-25-309

Requested From: Jess McCullough, Minnesota Power

Type of Inquiry: General

Nonpublic Public

Date of Request: 8/7/2025

Response Due: 8/18/2025

Extension Granted: 8/21/2025

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

Assigned Analyst(s): Steve Rakow, Mary Beth Kehrwald

Email Address(es): stephen.rakow@state.mn.us; MaryBeth.Kehrwald@state.mn.us

Phone Number(s): 651-539-1833

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.

Request Number: 8

Topic: [Click or tap here to enter text.](#)

Reference(s): [Click or tap here to enter text.](#)

Request:

Regarding Table A-4 of Appendix A please provide all calculations of the Total Costs (before congestion) for each project.

Response:

See DOC IR 08 Attach TS.

The information contained in DOC IR 08 Attach TS constitutes information Minnesota Power considers to be trade secret in its entirety, as defined by Minn. Stat. § 13.37, subd. 1(b). This information has important economic value to Minnesota Power as a result of this information remaining not public, and Minnesota Power has taken reasonable precautions to maintain its confidentiality. Appropriately, the attached file has the following statement in the header of each worksheet:

**NOT PUBLIC DOCUMENT – NOT FOR PUBLIC DISCLOSURE
TRADE SECRET DATA EXCISED IN ITS ENTIRETY**

The **NOT PUBLIC** file accompanying the response is the requested copy of Levelized Consulting's confidential and proprietary proposal evaluation spreadsheets that support the evaluation results for the shortlisted proposals that are depicted in Confidential Appendix A of Levelized Consulting's

To be completed by responder

Response Date: August 21, 2025

Response by: Rebecca Groenendaal

Email Address: rebecca@levelizedconsulting.com

Phone Number: 215-850-1743



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

Docket Number: E015/M-25-309

Requested From: Jess McCullough, Minnesota Power

Type of Inquiry: General

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Independent Evaluation Report. The file is currently set to produce the results for Table A-4 (labeled “Shortlisting Quantitative Evaluation of Proposals, Base Congestion Costs / Unequal Lives”) and Table A-11 (“labeled Updated Quantitative Evaluation of Shortlisted Proposals, Base Congestion Costs”). The table below gives a brief description of each tab in the attachment. The IE report includes descriptions of each of the components included in the quantitative evaluation.

Table DOC IR 08 09 11
Attachment Tab Descriptions

Attachment Tab	Description
RFP Assumptions	Summarizes the main assumptions that were used for the quantitative evaluation.
Proposal Info	Contains the Wind RFP proposal information from bidders as well as certain calculations, such as AFUDC.
Individual Summary	Calculates and summarizes the results of the quantitative evaluation for one proposal. <u>This is the main tab to review. Change cell B5 to toggle between results for the different proposals. Do not change any other cell in the spreadsheet.</u> The table to the right shows the reference number associated with each proposal as well as which table in the IE report it is used for. Cells P6:S12 show the \$/MWh totals that were used for the tables in the IE report.
Individual Revenue Requirements	Calculates the capital revenue requirements for the proposal inputted in cell B5 of the “Individual Summary”

To be completed by responder

Response Date: August 21, 2025

Response by: Rebecca Groenendaal

Email Address: rebecca@levelizedconsulting.com

Phone Number: 215-850-1743



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

Docket Number: E015/M-25-309

Requested From: Jess McCullough, Minnesota Power

Type of Inquiry: General

Nonpublic Public

Date of Request: 8/7/2025

Response Due: 8/18/2025

Extension Granted: 8/21/2025

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Email Address(es): stephen.rakow@state.mn.us; MaryBeth.Kehrwald@state.mn.us

Phone Number(s): 651-539-1833

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	tab. This is used for Self-build and Build-Own-Transfer proposals.
DE	Calculates the Debt Equivalency costs for proposal inputted in cell B5 of the "Individual Summary" tab. This is used for PPA proposals.
PPA Filler	Calculates the estimated cost stream of filling in the tail of PPA proposals to match the lives of the Self-build and Build-Own-Transfer proposals.
Congestion Costs	While not requested, to keep the evaluation calculations intact, the Congestion Costs tab includes the congestion cost information from MP that was used in the quantitative evaluation.

The results for Table A-5 (labeled "Shortlisting Quantitative Evaluation of Proposals, Base Congestion Costs / Equal Lives") can be produced by inputting "Yes" into the **RFP Assumptions** tab, cell I21 (Include PPA Tail) in the attachment.

To be completed by responder

Response Date: August 21, 2025

Response by: Rebecca Groenendaal

Email Address: rebecca@levelizedconsulting.com

Phone Number: 215-850-1743

PUBLIC DOCUMENT – NOT PUBLIC DATA HAS BEEN EXCISED

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

Docket Number: E015/M-25-309
Requested From: Jess McCullough, Minnesota Power

Nonpublic Public
Date of Request: 8/7/2025
Response Due: 8/18/2025
Extension Granted: 8/21/2025

Type of Inquiry: General

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Assigned Analyst(s): Steve Rakow, Mary Beth Kehrwald

Email Address(es): stephen.rakow@state.mn.us; MaryBeth.Kehrwald@state.mn.us

Phone Number(s): 651-539-1833

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Request Number: 10
Topic: Click or tap here to enter text.
Reference(s): Click or tap here to enter text.

Request:

Regarding Table A-8 of Appendix A please provide the analysis supporting each project's score in each category.

Response:

Please refer to the TRADE SECRET workbook DOC IR 10 Attach TS for the analysis supporting the project's score in Table A-8. Note that the Qualitative Evaluation was performed at the time of shortlisting and the comments and associated rankings are based on the best information available at that time.

The information contained in DOC IR 10 Attach TS constitutes information Minnesota Power considers to be trade secret in its entirety, as defined by Minn. Stat. § 13.37, subd. 1(b). This information has important economic value to Minnesota Power as a result of this information remaining not public, and Minnesota Power has taken reasonable precautions to maintain its confidentiality.

To be completed by responder

Response Date: 08.21.2025
Response by: Eric Palmer
Email Address: epalmer@mnpower.com
Phone Number: 218.355.3839

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

Docket Number: E015/M-25-309

Requested From: Jess McCullough, Minnesota Power

Type of Inquiry: General

Nonpublic Public

Date of Request: 9/15/2025

Response Due: 9/25/2025

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

Assigned Analyst(s): Mary Beth Kehrwald; Steve Rakow

Email Address(es): MaryBeth.Kehrwald@state.mn.us; stephen.rakow@state.mn.us

Phone Number(s): 651-539-1808

ADDITIONAL INSTRUCTIONS:

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Request Number: 21
Topic: Longspur Wind Project Cost
Reference(s): Petition, Response to DOC IR 8

Request:

The Petition estimates project costs of approximately \$790.9 million to build (Petition, page 16). Table A-9 of the appendix (Petition PDF page 91) and the Company's response to DOC IR 8, Excel file's proposal info tab for [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS] Longspur Wind list project costs of [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS] with a footnote in the petition that [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS]. The Company estimated the tariff-driven cost increase as [TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS] (Petition, page 10).

- A. Please explain the difference between the estimated \$790.9 million project cost cited in the petition and the cost stated in table A-9. Provide the calculation by cost type for this difference.
- B. Please confirm that the re-bids provided by short-listed project for review treated tariff costs consistently.

To be completed by responder

Response Date: 09.19.2025

Response by: Chris Aepelbacher / Rebecca Groenendaal

Email Address: caepelbacher@mnpower.com / rebecca@levelizedconsulting.com

Phone Number: 218-355-3264 / 215-850-1743

PUBLIC DOCUMENT – NOT PUBLIC DATA HAS BEEN EXCISED**Response:**

- A. The total estimated project cost of \$790.9 million includes the sum of the categories identified in table A-9, plus **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** to account for estimated tariff costs and **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]** to account for estimated overheads and AFUDC through estimated MPUC approval.
- B. Consistent with note 4 under Table A-9, tariff costs beyond any assumed in the original proposal submissions were not included in the proposal updates and thus not included in the IE's updated quantitative evaluation of the shortlisted proposals. All proposals were evaluated in the same manner.

The information contained in DOC IR 21 TS constitutes information Minnesota Power considers to be trade secret, as defined by Minn. Stat. § 13.37, subd. 1(b). This information has important economic value to Minnesota Power as a result of this information remaining not public, and Minnesota Power has taken reasonable precautions to maintain its confidentiality.

To be completed by responder

Response Date: 09.19.2025

Response by: Chris Aepelbacher / Rebecca Groenendaal

Email Address: caepelbacher@mnpower.com / rebecca@levelizedconsulting.com

Phone Number: 218-355-3264 / 215-850-1743



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

Docket Number: E015/M-25-309

Requested From: Jess McCullough, Minnesota Power

Type of Inquiry: General
 9/8/2025

Nonpublic Public

Date of Request:

8/28/2025

Response Due:

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

Assigned Analyst(s): Mary Beth Kehrwald; Steve Rakow

Email Address(es): MaryBeth.Kehrwald@state.mn.us; stephen.rakow@state.mn.us

Phone Number(s): 651-539-1808

ADDITIONAL INSTRUCTIONS:

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Request Number: 16
Topic: Used and Useful Life
Reference(s): Petition, page 33

Request:

The petition states that the total annual revenue requirements over the 35-year life of the Project are shown in Table 3.

- A. Please provide the manufacturer's assumed useful lives for the (1) wind turbines, (2) interconnection, and (3) substation.
- B. Will MP be planning to depreciate the Longspur Wind Project over the stated 35-year life? Is this term consistent with the depreciation lives of MP's other recent wind-projects?
- C. Has the Company included any costs for decommissioning, costs of removal and salvage costs for this project? If yes, please provide or reference in the Petition. If no, please provide these estimates and an explanation for why the estimates are reasonable.

Response:

- A. In general, the equipment to be used for wind turbines, interconnection, and substation is assumed to have a manufactured design life of 20 years. However, the Project (including wind turbines, interconnection, and substation) may reasonably be expected to have a useful life of

To be completed by responder

Response Date: 09.08.2025

Response by: Chris Aepelbacher

Email Address: caepelbacher@mnpower.com

Phone Number: 218-355-3264



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Information Request

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Email Address(es): MaryBeth.Kehrwald@state.mn.us; stephen.rakow@state.mn.us

Phone Number(s): 651-539-1808

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35 years or greater, provided that the Project is operated and continually maintained in accordance with good utility practice, including recommendations.

- B. The Longspur Wind Project generation project is planned to be depreciated over 35 years which is consistent with Minnesota Power's recent wind projects; the 35-year estimate is based on engineer's estimates and studies of our other wind sites. The Company is working with a 3rd party engineer to draft a useful life study as well as a decommissioning study and will be part of the Company's 2028 Remaining Life Depreciation petition.
- C. Decommissioning costs were excluded from the customer rate impact model. Based on a draft decommissioning plan, the decommissioning costs net of scrap costs are currently projected to be ~\$1.2M. As currently forecasted, the decommissioning costs would cause average monthly residential bills to increase by \$0.00318. The decommissioning costs for this current estimate are reasonable because the decommissioning plan was created by an independent, third-party engineer with access to data across multiple projects in the region and ~\$1.2M aligns with comparable projects in the region on a similar timeline.

To be completed by responder

Response Date: 09.08.2025

Response by: Chris Aepelbacher

Email Address: caepelbacher@mnpower.com

Phone Number: 218-355-3264

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Minnesota Department of Commerce
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Docket Number: E015/M-25-309

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9/8/2025

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Date of Request:

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Response Due:

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Assigned Analyst(s): Mary Beth Kehrwald; Steve Rakow

Email Address(es): MaryBeth.Kehrwald@state.mn.us; stephen.rakow@state.mn.us

Phone Number(s): 651-539-1808

ADDITIONAL INSTRUCTIONS:

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Request Number: 18
Topic: PTC Discount Rate
Reference(s): Petition, page 25; Response to DOC IR No. 2

Request:

Petition page 25 indicates that MP anticipates selling PTCs associated with the Longspur Wind Project at a discount. It appears that MP is assuming a discount rate of [TRADE SECRET DATA BEGINS] [TRADE SECRET DATA ENDS] for the Longspur Wind Project (see DOC IR No. 2's Excel Attachment: Prod Tax and PTCs tab, relying on data from Inputs tab).

In MP's most recent Renewable Resources Rider (RRR), Docket No. 24-140, the discount rate used was [TRADE SECRET DATA BEGINS] [TRADE SECRET DATA ENDS].

- A. Please provide the dates of PTC sales and discount rates that MP has experienced from 2020 – 2025.
- B. Please explain why the discount rate shown in DOC IR No. 2 is being used for the Longspur Wind Project's PTC forecast rather than the rate reported in the most recent RRR docket.

To be completed by responder

Response Date: 9/8/2025
Response by: Rena Verdoljak
Email Address: rverdoljak@allete.com
Phone Number: 218-355-3703

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

Docket Number: E015/M-25-309

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9/8/2025

Nonpublic Public

Date of Request:

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Email Address(es): MaryBeth.Kehrwald@state.mn.us; stephen.rakow@state.mn.us

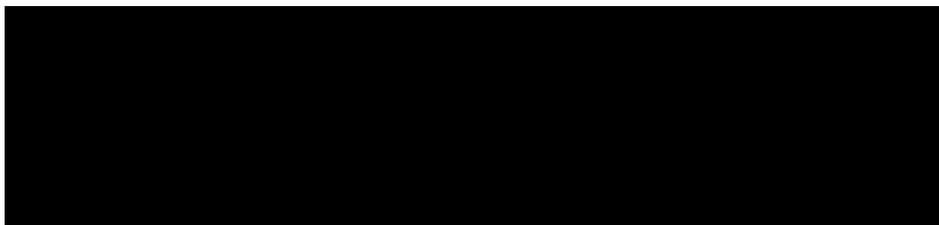
Phone Number(s): 651-539-1808

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Response:

A. **[TRADE SECRET DATA BEGINS**



TRADE SECRET DATA ENDS]

B. Minnesota Power negotiates individually with each counterparty to secure the lowest possible discount rate. In 2024, MP successfully negotiated a **[TRADE SECRET DATA BEGINS**  **TRADE SECRET DATA ENDS]** discount. However, as the transferability market evolved in 2025, the discount rate **[TRADE SECRET DATA BEGINS**  **TRADE SECRET DATA ENDS]**. The next RRR filed will reflect the actual discount rate achieved in 2025.

The information contained in DOC IR 18 TS constitutes information Minnesota Power considers to be trade secret, as defined by Minn. Stat. § 13.37, subd. 1(b). This information has important economic value to Minnesota Power as a result of this information remaining not public, and Minnesota Power has taken reasonable precautions to maintain its confidentiality.

To be completed by responder

Response Date: 9/8/2025
Response by: Rena Verdoljak
Email Address: rverdoljak@allete.com
Phone Number: 218-355-3703

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

Assigned Analyst(s): Mary Beth Kehrwald; Steve Rakow

Email Address(es): MaryBeth.Kehrwald@state.mn.us; stephen.rakow@state.mn.us

Phone Number(s): 651-539-1808

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.

Request Number: 20

Topic: Longspur Wind Schedule – In-Service Date and PTC eligibility

Reference(s): Petition, Response to DOC IR 2

Request:

The Petition indicates an anticipated in-service date for the project of late 2027. The Company's response to DOC IR 2 includes an Excel file which indicates an anticipated in-service date of **[TRADE SECRET DATA BEGINS... ██████████ ...TRADE SECRET DATA ENDS]**. The petition notes that as a result of H.R. 1, the project must be in-service by the end of 2027 to be eligible for PTCs (Petition, page 11).

- A. The PTC-eligibility of the project hinges on a late 2027 in-service date. Please describe how the Company anticipates meeting this timeline and handling uncertainty that may be caused by timelines that are influenced by outside parties (e.g. MISO reviews, permitting timelines).

Response:

- A. The Company intends to place the project in service by the end of 2027. The Company continues to take a proactive advocacy role with vendors, regulators, and other stakeholders and will remain in close communication with these groups as the project progresses. In order to preserve flexibility for handling the uncertainty that can occur, the Company also intends to pursue Begin of Construction (BOC) requirements prior to July 4,

To be completed by responder

Response Date: September 19, 2025

Response by: Chris Aepelbacher / Rena Verdoljak

Email Address: caepelbacher@allete.com / rverdoljak@allete.com

Phone Number: 218-355-3264 / 218-355-3703

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2026 as described in Treasury Notice 2025-42 issued on August 15, 2025 provided the Company receives final MPUC approval for the project by June 30, 2026 as requested in the petition. If the project meets the BOC requirements, the project will be allowed a 4-year window to complete construction, giving the schedule some additional flexibility and the project will not be required to be placed in service in **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]**. The Company is currently pursuing two paths to meet BOC:

- a. Through physical off-site construction by starting construction on the main power transformers by the end of **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]**.
- b. Through physical on-site construction by starting onsite construction activities prior to **[TRADE SECRET DATA BEGINS... [REDACTED] ...TRADE SECRET DATA ENDS]**. This should give the time needed to address areas that may be influenced by outside parties (e.g. MISO reviews, permitting timelines)

The information contained in DOC IR 20 TS constitutes information Minnesota Power considers to be trade secret, as defined by Minn. Stat. § 13.37, subd. 1(b). This information has important economic value to Minnesota Power as a result of this information remaining not public, and Minnesota Power has taken reasonable precautions to maintain its confidentiality.

To be completed by responder

Response Date: September 19, 2025
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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
Public Comments**

Docket No. E015/M-25-309

Dated this 1st day of **October 2025**

/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		Electronic Service	Yes	M-25-309
2	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-25-309
3	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-25-309
4	MP Regulatory	Compliance	mpregulatorycompliance@mnpower.com	Minnesota Power		30 W Superior St. Duluth MN, 55802 United States	Electronic Service	No	M-25-309
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-25-309
6	Discovery	Manager	discoverymanager@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service	No	M-25-309
7	Jess	McCullough	jmccullough@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service	Yes	M-25-309
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-25-309
9	Sarah	Whiting	swhiting@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service	Yes	M-25-309