

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

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In the Matter of the Petition of  
Minnesota Power's 2015 Remaining Life  
Depreciation Petition

PUC Docket No. E015/D-15-711

**COMMENTS OF LPI**

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The following companies, an ad hoc association of large industrial end users of electric energy known as the Large Power Intervenors ("LPI"), consisting of the following entities: ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; PolyMet Mining, Inc.; Sappi Cloquet, LLC; USG Interiors, LLC; United States Steel Corporation (Keetac and Minntac Mines); United Taconite, LLC; and Verso Corporation, submit this comment in response to Minnesota Power's 2015 Remaining Life Depreciation Petition (the "Petition").

**I. INTRODUCTION**

On July 31, 2015, Minnesota Power filed the Petition, requesting that all facilities except for Laskin Energy Center be adjusted for one year's passage of time. Since the filing of the Petition, the comment deadline has been extended twice. Pursuant to the Minnesota Public Utilities Commission's most recent comment extension, filed on September 30, 2015 (the "Notice") the due date for initial comments is October 30, 2015. LPI is timely submitting this comment in accordance with the Notice to seek clarification on Minnesota Power's assumed life for Laskin Energy Center.

**II. ANALYSIS**

Laskin Energy Center consists of two units but has historically been treated as one unit with one life for depreciation purposes.<sup>1</sup> Going forward, Minnesota Power proposes the same treatment. The Petition states:

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<sup>1</sup> *The Petition*, at 11.

Minnesota Power completed the conversion of units 1 and 2 of its Laskin Energy Center to gas peaking generation facilities in June 2015. Minnesota Power proposes continuing to treat Laskin as one unit with one remaining life for purposes of computing annual depreciation accruals. The vast majority of Laskin’s existing assets are required to serve the new mission; however, some assets will no longer be used now that the conversion to a gas plant has occurred.<sup>2</sup>

The Petition goes on to state that “Minnesota Power believes this gas peaking generation facility has a fifteen year life.”<sup>3</sup> Accordingly, Minnesota Power requests a life extension for Laskin Energy Center through 2030.<sup>4</sup>

In order to convert Laskin Energy Center from burning coal to natural gas, Minnesota Power installed new gas boiler combustion turbines at this facility. Based on the statements in the Petition set forth above, it appears Minnesota Power believes all gas peaking facilities have a fifteen year life. Indeed, in the summary of the remaining life adjustments, the petition states “Minnesota Power believes a gas peaking generation facility has a fifteen year life.”<sup>5</sup> LPI notes that several recent studies examining natural gas power plants have assumed that facilities that appear similar to the newly converted Laskin Energy Center have a 25 to 30 year life.<sup>6</sup> It may be that the specific technologies utilized by Minnesota Power only have a fifteen-year life. But LPI does not believe the Petition contains that supporting information. And the assumed life of Minnesota Power’s facilities impacts LPI, and ratepayers generally, as these assumptions will ultimately impact electric rates. LPI therefore requests that Minnesota Power address in a reply comment how it concluded that Laskin Energy Center only has a fifteen year life.

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<sup>2</sup> *The Petition*, at 11.

<sup>3</sup> *Id.*, at 12.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*, at 6 (emphasis added).

<sup>6</sup> See e.g., Gas Fired Power at 4, Int’l Energy Agency Energy Technology Systems Analysis Programme (April 2010), available at [http://www.iea-etsap.org/web/e-techds/pdf/e02-gas\\_fired\\_power-gs-ad-gct.pdf](http://www.iea-etsap.org/web/e-techds/pdf/e02-gas_fired_power-gs-ad-gct.pdf); Julianne M. Klara & John G. Wimer, Natural Gas Combined-Cycle Plant, U.S. Department of Energy National Energy Technology Laboratory (2007), available at [http://www.netl.doe.gov/KMD/cds/disk50/NGCC%20Plant%20Case\\_FClass\\_051607.pdf](http://www.netl.doe.gov/KMD/cds/disk50/NGCC%20Plant%20Case_FClass_051607.pdf).

### III. CONCLUSION

LPI appreciates the opportunity to comment on Minnesota Power's 2015 Remaining Life Depreciation Petition and Minnesota Power's work to date. LPI does not dispute the facts in the Petition but simply seeks further explanation for Minnesota Power's assessment of Laskin Energy Center's fifteen-year life.

Dated: October 30, 2015

Respectfully submitted,

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