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July 30, 2014

**VIA ELECTRONIC FILING**

Dr. Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

Re: In the Matter of a Commission Inquiry into  
Decommissioning Policies Related to Depreciation  
Docket No, E,G-999/CI-13-626

Dear Dr. Haar:

Pursuant to the Minnesota Public Utilities Commission Notice of Comment Period dated March 6, 2014, Minnesota Power hereby electronically submits its Comments in the above-referenced Docket.

Please contact me at the number above should you have any questions related to this matter.

Yours truly,

Christopher D. Anderson

CDA:sr  
cc: Official Service List



**STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION**

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In the Matter of a Commission Inquiry into  
Decommissioning Policies Related to  
Depreciation

Docket No. E,G-999/CI-13-626  
**Topics Open for Comment**

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Minnesota Power files this information in response to the Notice of Comment Period on Decommissioning Cost Investigation in the Matter of a Commission Inquiry into Decommissioning Policies Related to Depreciation filed by the Minnesota Public Utilities Commission (“Commission”) dated May 16, 2014.

**Topics Open for Comment:**

- 1) Provide reasons and descriptions of why the Utility does or does not adjust decommissioning estimates based on expected inflation, and what impact this has on decommissioning estimates over time.**

Minnesota Power does not adjust decommissioning estimates based on expected inflation. Decommissioning costs are in today’s dollars. Decommissioning estimates will change over time due to many factors.

- 2) Provide the following data, reaching as far back in time as practicable, for each of the Utility’s plants and units.**
  - a. Annual decommissioning accruals by plant or unit;**
  - b. The decommissioning estimate used to calculate each annual accrual;**
  - c. The decommissioning probability used to calculate each accrual.**

See the attached spreadsheet “Generic Docket Topic 2.xlsx” for the requested information.

- 3) Specific to Xcel Energy: Provide an explanation whether decommissioning uncertainty is addressed in a different manner in Wisconsin. If so, please explain the method used. If not, explain whether the Company has ever proposed the use of decommissioning probabilities in Wisconsin and the reasons the use of decommissioning probabilities was denied.**

N/A

- 4) Specific to Minnesota Power: Minnesota Power's position is that the decommissioning study from a utility's most recently approved resource plan should serve as the basis for the decommissioning study used to support its depreciation petition. If a utility has a resource plan before the Commission at the time it files a depreciation petition, the decommissioning assumptions used in the resource plan should not be used in the depreciation petition because those depreciation assumptions are dependent on Commission action. Provide clarification of its position on how decommissioning assumptions used in resource plans are dependent on Commission action.**

On May 23, 2014 the Company submitted a letter in compliance with Docket No. E-015/D-13-275 related to the Company's 2013 Remaining Life Petition. Through the course of resolving the issues raised by the Department in that docket, the Company's position has been clarified. The Company acknowledges that the 2011 Baseload Diversification Study used in the 2010 IRP was not used in the 2013 Remaining Life Depreciation Petition resulting in inconsistency between our filings. The Company understands the importance of ensuring consistency from one filing to the next. In the future the Company will ensure that information from one filing to the next is consistently applied or the reasons for any changes to that approach adequately explained. For example, if our next resource plan includes an updated decommissioning study and is filed before our next depreciation petition, the decommissioning study used in the resource plan would generally be incorporated into the depreciation petition for consistency in our

filings. If a different decommissioning study was used or changes were made, adequate explanations for changes would be provided.

Dated: July 30, 2014

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Anderson', written in a cursive style.

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Generic Docket Topic 2.xlsx

	2008			2009			2010		
	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)
Boswell Energy Center Unit 1	7,314	1,173,877	50%	24,668	1,659,770	50%	21,379	1,659,770	50%
Boswell Energy Center Unit 2	9,810	1,130,974	50%	26,547	1,599,590	50%	23,007	1,599,590	50%
Boswell Energy Center Unit 3	319,300	16,083,051	75%	507,760	22,616,338	75%	583,600	25,144,338	75%
Boswell Energy Center Unit 4	200,294	19,242,310	50%	396,014	27,071,100	50%	289,395	27,071,100	50%
Boswell Energy Center Common	8,441	4,427,706	50%	56,863	6,219,344	50%	49,755	6,219,344	50%
Laskin Energy Center	131,502	7,382,216	100%	216,647	8,574,264	100%	187,761	8,574,264	100%
Taconite Harbor Energy Center	265,394	6,634,859	80%	265,394	6,634,859	80%	265,394	6,634,859	80%
Hibbard Renewable Energy Center									
<b>Total</b>	<b>942,055</b>	<b>56,074,993</b>		<b>1,493,893</b>	<b>74,375,265</b>		<b>1,420,291</b>	<b>76,903,265</b>	

1) The decommissioning estimate used to calculate the annual decommissioning accrual

2) The decommissioning probability used

Generic Docket Topic 2.xlsx

	2011			2012			2013		
	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)
Boswell Energy Center Unit 1	21,379	1,659,770	50%	21,378	1,659,770	50%	215,330	6,314,600	50%
Boswell Energy Center Unit 2	23,007	1,599,590	50%	23,007	1,599,590	50%	224,816	6,443,000	50%
Boswell Energy Center Unit 3	583,600	25,144,338	75%	583,600	25,144,338	75%	734,652	29,575,200	75%
Boswell Energy Center Unit 4	289,395	27,071,100	50%	289,395	27,071,100	50%	448,599	34,394,480	50%
Boswell Energy Center Common	49,755	6,219,344	50%	49,755	6,219,344	50%	164,817	10,131,451	50%
Laskin Energy Center	187,761	8,574,264	100%	187,761	8,574,264	100%	426,905	11,444,000	100%
Taconite Harbor Energy Center	265,394	6,634,859	80%	265,394	6,634,859	80%	508,888	10,896,000	80%
Hibbard Renewable Energy Center									
<b>Total</b>	<b>1,420,291</b>	<b>76,903,265</b>		<b>1,420,290</b>	<b>76,903,265</b>		<b>2,724,007</b>	<b>109,198,731</b>	

1) The decommissioning estimate used to calculate the annual decommissioning accrual

2) The decommissioning probability used

	2014		
	Annual Decommissioning Accruals	Decommissioning Estimate 1)	Decommissioning Probability 2)
Boswell Energy Center Unit 1	186,723	5,685,255	50%
Boswell Energy Center Unit 2	190,373	5,685,255	50%
Boswell Energy Center Unit 3	643,150	27,013,141	75%
Boswell Energy Center Unit 4	412,337	32,798,976	50%
Boswell Energy Center Common	79,688	7,407,312	50%
Laskin Energy Center	283,527	11,568,000	100%
Taconite Harbor Energy Center	333,073	8,039,000	80%
Hibbard Renewable Energy Center	191,285	4,208,273	50%
<b>Total</b>	<b>2,320,156</b>	<b>102,405,212</b>	

- 1) The decommissioning estimate used to calculate the annual decommissioning accrual
- 2) The decommissioning probability used

STATE OF MINNESOTA    )  
  ) ss  
COUNTY OF ST. LOUIS    )

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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Susan Romans of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 30<sup>th</sup> day of July, 2014, she served Minnesota Power's Comments in Docket No. E,G-999/CI-13-626 to the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The remaining parties on the attached official service list were served as indicated.

*Susan Romans*

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Susan Romans



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500  Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_13-626_Official
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-626_Official
Peter	Beithon	pbeithon@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_13-626_Official
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Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Electronic Service	No	OFF_SL_13-626_Official

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