



Debbra A. Davey Supervisor, Accounting

March 13, 2017

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf, Executive Secretary
MN Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: In the Matter of Minnesota Power's 2017 Remaining
Life Depreciation Petition
Docket No. E015/D-17-118

Dear Mr. Wolf:

Minnesota Power hereby electronically submits its Reply Comments in the above-referenced Docket.

Please contact me at 218-355-3714 if you have any questions regarding this filing.

Sincerely,

/s/ Debbra A. Davey

Debbra A. Davey

jmn
Attachments
c: Service List

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

In the Matter of Minnesota Power's
2017 Remaining Life Depreciation
Petition

Docket No. E015/D-17-118
REPLY COMMENTS

Minnesota Power (the Company) files these Reply Comments regarding its 2017 Remaining Life Depreciation Petition (Petition) in response to Comments filed by the Office of the Attorney General (OAG) dated March 2, 2017.

Comments in this Docket are requesting that the depreciation rates normally established pursuant to this Petition be deferred to Minnesota Power's rate case. Such a deferral would prevent Minnesota Power from being able to properly account for the depreciation rates in the current financial year.

Minnesota Power also believes there is precedent for the Minnesota Public Utilities Commission (Commission) to act on the Company's Petition and not to defer consideration of the Petition to the company's ongoing rate case proceeding. In the Order Affirming and Clarifying Prior Order Certifying Depreciation Rates and Methods for Minnesota Power's Five-Year Review of Average Service Lives for Transmission and Distribution Plant Accounts for 2008 (Docket # E-015/D-08-422) the Commission affirmed and clarified its November 6, 2008 Order. In that Order the Commission Certified Depreciation Rates and Methods and established January 1, 2008 as the effective date of Minnesota Power's revised depreciation rate/expense. Minnesota Power had requested the Commission to reconsider its decision and to permit the increased depreciation rates to be effective at the same time as final general rates become effective in Minnesota Power's ongoing rate case, but this request was denied. Therefore, Minnesota Power believes the Commission can and should approve the Company's annual Petition establishing the 2017 remaining lives and salvage rates for all of Minnesota Power's production plant assets, along with certain general plant accounts,

effective January 1, 2017. This allows Minnesota Power to be able to reflect the remaining lives and salvage rates approved during 2017.

There admittedly are complexities related to remaining lives and salvage rates, when three different filings are in process before the Commission at the same time. While there is no procedural impact if the Commission acts on Minnesota Power's Petition, there would be both procedural and real financial impacts if this Petition were deferred.

In conclusion, Minnesota Power respectfully requests that the Minnesota Public Utilities Commission act on the company's Petition.

Date: March 13, 2017

Respectfully submitted,

/s/ Debra A. Davey

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STATE OF MINNESOTA)
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COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Jodi Nash of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 1st day of February, 2017, she served Minnesota Power's Reply Comments in Docket E015/D-17-118 on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on the attached service list were served as requested.



Jodi Nash

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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