

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. E015/M-24-437

I. INTRODUCTION

On September 24, 2024, Minnesota Power (or “the Company”) filed its 2024 Remaining Life Depreciation Petition in Docket No. E015/D-24-324, which included a request to adjust its net salvage rates for its Boswell Energy Center (“BEC”) in Cohasset, Minnesota and Laskin Energy Center (“LEC”) in Hoyt Lakes, Minnesota to reflect the expected costs of complying with the new Legacy Coal Combustion Rule Legacy Impoundment Rule (“Legacy CCR” or “CCR”) and proposed an increase in its annual depreciation expense for these two sites by a total of approximately \$7 million per year.¹

On December 30, 2024, Minnesota Power filed Reply Comments to the Department’s Initial Comments in its 2024 Remaining Life Depreciation Petition, confirming its intention to file for the deferred accounting treatment of the Legacy CCR Rule increased depreciation expense and investigative costs to comply with the Legacy CCR Rule.²

On December 30, 2024, Minnesota Power filed a Petition for Approval to Track and Defer Costs Resulting from The Legacy Coal Combustion Surface Impoundment Rule (“Petition”). The Company is requesting approval for the deferred accounting treatment of the increased depreciation expense and investigative costs that will be incurred by the Company to comply with the new Legacy Coal Combustion Residuals Impoundment Rule from the Minnesota Public Utilities Commission (“Commission”). The Company began accruing these costs on May 8, 2024, with the publication of the Legacy CCR in the Federal Register and requests the expenses and costs be deferred for recovery to Minnesota Power’s next rate case, or other appropriate proceeding.³

In its Petition, Minnesota Power proposes to use deferred accounting treatment for delayed recovery of the investigative costs and the increase in depreciation expenses in implementing the Legacy CCR Impoundment Rule. The Legacy CCR Impoundment Rule establishes monitoring, compliance, and mitigation requirements for legacy coal ash ponds or CCR surface impoundments to protect human

¹ *In the Matter of Minnesota Power’s 2024 Remaining Life Depreciation Petition*, Minnesota Power, Petition, Docket No. E015/D-24-324, (eDockets) [20249-210454-01](#), at 2.

² *In the Matter of Minnesota Power’s 2024 Remaining Life Depreciation Petition*, Minnesota Power, Reply Comments, Docket No. E015/D-24-324, (eDockets) [202412-213382-01](#).

³ On March 14, 2025, the EPA withdrew the direct final rule under the second technical correction. The Department understands the previous version of the final rule remains in effect. See <https://www.epa.gov/coalash/final-rule-legacy-coal-combustion-residuals-surface-impoundments-and-ccr-management-units>.

health and the environment.⁴ The Company expects compliance with the Legacy CCR Rule to significantly increase decommissioning costs for its BEC and LEC.

Minnesota Power estimates the costs to comply with the Legacy CCR Rule could range from \$50 million to \$85 million over the next ten years, based on a preliminary identification of potential monitoring and mitigation measures.

II. PROCEDURAL BACKGROUND

September 24, 2024	Minnesota Power filed a petition for approval of its annual 2024 Remaining Life Depreciation in Docket No. E015/D-24-324.
December 20, 2024	The Department of Commerce Division of Energy Resources filed Initial Comments in Docket No. E015/D-24-324.
December 30, 2024	Minnesota Power filed Reply Comments in Docket No. E015/D-24-324.
December 30, 2024	Minnesota Power filed a petition for Approval to Track and Defer Costs Resulting from The Legacy CCR Surface Impoundment Rule in Docket No. E015/M-24-437.

III. DEPARTMENT ANALYSIS

On December 30, 2024, Minnesota Power filed Reply Comments in Docket No. E015/D-24-324 in the Company's 2024 Remaining Life Depreciation Petition, stating its intention to seek approval for the deferred accounting treatment of the increased depreciation expense and investigative costs that will be incurred by the Company to comply with the new Legacy CCR Impoundment Rule. In the instant Petition, the Company confirmed this intention.⁵ Minnesota Power began accruing the costs on May 8, 2024, with the publication of the Legacy CCR Rule in the Federal Register. The Company states these costs would be deferred for recovery in Minnesota Power's next rate case or other appropriate proceeding.

⁴ Petition, p. 1.

⁵ Petition, p. 1.

A. OVERVIEW OF DEPARTMENT POSITION ON DEFERRED ACCOUNTING

The Commission has broad authority under Minn. Stat. Section 216B.10 to address the necessary accounting, reporting, and auditing of public utilities under the Commission's jurisdiction. Additionally, Minn. Rule 7825.0300, Subparts 1 and 2 confirm the adoption of the Federal Energy Regulatory Commission (FERC)⁶ Uniform System of Accounts (USofA), with some clarifications. The USofA FERC Account 182.3 – Other Regulatory Assets allows for deferred accounting to create regulatory assets that result from the ratemaking actions of regulatory agencies.

The Department noted in its review that utilities have occasionally framed deferred accounting as an exception to the USofA under Minn. Rule 7825.0300, Subpart 4. Because the USofA – specifically, FERC Account 182.3 – does provide a mechanism for deferred accounting, the Department does not believe an exception to the USofA is needed. Nevertheless, the Code of Federal Regulations necessitates that utilities justify requests to use deferred accounting and obtain approval from the appropriate regulatory agency (in this instance, the Commission) in order to defer expenses and investments for possible future rate recovery under FERC Account 182.3.

The Commission has exercised its authority to approve or deny deferred accounting in cases where utilities have met a substantial burden to justify potentially imposing a higher financial burden on consumers, beyond recovery of the costs that the Commission has determined to be just and reasonable. In previous cases, the Commission has evaluated deferred accounting proposals using various criteria, as discussed below.

Deferred accounting is special accounting treatment that is an exception to balanced and fair ratemaking. The Commission authorizes rates to allow a utility a reasonable opportunity to recover from consumers representative costs of providing utility service. Those rates remain in effect until the utility files a new rate case. Until then, utilities are not entitled to dollar-for-dollar recovery of all actual costs between rate cases; similarly, ratepayers receive no benefit when a utility reduces costs between rate cases. Instead, utilities are expected to make reasonable decisions to ensure that the funds they receive from consumers are spent prudently. Thus, normal ratemaking and allowing utilities to recover representative costs set in rate cases is the Commission's primary tool to ensure that utilities act in a prudent manner and that rates are just and reasonable, as required by Minnesota Statutes, §216B.03.

Deferred accounting, by contrast, allows a utility to postpone, or defer, the standard accounting treatment that would otherwise be required for the financial item or transaction in question. For example, for financial accounting purposes, a utility normally recognizes expenses as they are incurred, even if the expenses are incurred outside of a rate case test year and are not expressly included in established base rates. This approach is consistent with the ratemaking principles described above.

⁶ The Federal Power Commission is the predecessor of the Federal Energy Regulatory Commission.

Under deferred accounting, however, a utility would suspend the recognition of the relevant expense, record the expense in a separate deferral account (FERC Account 182.3 – Other Regulatory Assets), and subsequently seek recovery from ratepayers of the expense, typically over some amortization period, in a future rate case.

While an explicit statutory or rule-based test does not exist to evaluate public utility deferred accounting requests, the Commission has previously described certain criteria and circumstances under which deferred accounting may be appropriately applied.⁷ A prior Commission order addressing deferred accounting summarized some of these criteria and circumstances with the following statement:

Deferred accounting is a regulatory tool used primarily to hold utilities harmless when they incur out-of-test-year expenses that, because of their nature or size, should be eligible for possible rate recovery as a matter of public policy. Traditionally, deferred accounting has been reserved for costs that are unusual, unforeseeable, and large enough to have significant impact on the utility's financial condition. Deferred accounting has also sometimes been permitted when utilities have incurred sizeable expenses to meet important public policy mandates.⁸

The Department agrees with the Commission that deferred accounting treatment can be a valuable regulatory tool when applied using strict standards, and believes that it can be useful in addressing extraordinary circumstances that call for a departure from standard accounting principles.⁹ The Department supports granting deferred accounting when a utility meets its burden of demonstrating that it has met the criteria applied by the Commission in various prior proceedings to determine whether the costs for which deferred accounting is requested are (1) unusual, unforeseeable, and/or extraordinary, (2) financially significant in amount, (3) related to utility operations, and (4) likely to provide or did provide ratepayer benefit.¹⁰ Using a specific set of criteria to evaluate utility requests for deferred accounting is likely to result in more consistent analyses and outcomes across time and among proceedings than evaluations that are made without considering a set of criteria. The Department is also aware of circumstances in which the Commission has approved deferred

⁷ *In the Matter of the Petition of Northern States Power Company for Approval of Deferred Accounting for Manufactured-Gas-Plant Cleanup Costs*, Minnesota Public Utilities Commission, Order, October 17, 2018, Docket No. G-002/M-17-894 (eDockets) [201810-147126-01](#), at 4; *In the Matter of a Petition for Approval of Deferred Accounting Treatment of Costs Related to the 2016 Storm Response and Recovery*, Minnesota Public Utilities Commission, Order, January 10, 2017 Docket No. E015/M-16-648 (eDockets) [20171-127956-01](#), at 5.

⁸ Minnesota Public Utilities Commission, Order, October 17, 2018 Docket No. G-002/M-17-894 (eDockets) [201810-147126-01](#), at 2.

⁹ [Minn. R. 7825.0300](#), subpart 4.

¹⁰ Minnesota Public Utilities Commission, Order, October 17, 2018 Docket No. G-002/M-17-894 (eDockets) [201810-147126-01](#), at 2, footnote 1.

accounting for significant expenses incurred pursuant to public policy mandates;¹¹ as the Commission has previously stated, these approvals have “...generally been in cases where the Commission itself mandated the expenditure.”¹²

In addition, because deferred accounting has the potential to increase the financial burden on consumers, beyond the levels that the Commission previously determined to be just and reasonable, any request to defer costs should be offset by any and all sources of higher revenues, tax rebates, credits or other relevant sources of funds.

The Department notes that the wording and description of the criteria used in evaluating deferred accounting requests sometimes varies among the records in previous dockets. Thus, the Department emphasizes that its analysis of the applicable criteria in the instant docket is not intended to either capture every prior iteration or one specific instance of evaluating deferred accounting requests. Instead, our objective is to present the Commission with an analysis that captures the core ideas and considerations previously used and potentially relevant to the deferred accounting decision before the Commission in the current Petition.

B. COMMISSION RATIONALE FOR APPROVING DEFERRED ACCOUNTING FOR OTTER TAIL POWER COMPANY’S EV CHARGING AND INFRASTRUCTURE

The Commission previously granted Otter Tail Power Company (Otter Tail) permission to use deferred accounting for the utility’s Electric Vehicle Charging and Infrastructure recovery of costs in its October 27, 2020 Order in Docket No. E-017/M-20-181. Included in the requested costs for recovery were depreciation expense from capital investment, equipment expenses, and program management and advertising and education costs from EV promotional activities. Otter Tail requested all expenses to be included in a deferred account to be recovered through a future Otter Tail general rate case or applicable rider mechanism.

The Commission stated its rationale to support its decision to approve deferred accounting was due to advancement of legislative policy goals of engaging utilities in transportation electrification, the proposal being modest in size and limited in budget and duration with increasing EV charging

¹¹ Recent examples of Commission approval to use deferred accounting methods: *In the Matter of Otter Tail Power Company’s Request for Approval of Electric Vehicle Charging and Infrastructure Programs*, Minnesota Public Utilities Commission, Order, October 27, 2020, Docket No. E-017/M-20-181 (eDockets) [202010-167708-01](#), at 8-10; *In the Matter of an Inquiry into the Financial Effects of COVID-19 on Natural Gas and Electric Utilities & In the Matter of the Petition of the Minnesota Rate Regulated Electric and Gas Utilities for Authorization to Track Expenses Resulting from the Effects of the COVID-19 and Record and Defer Such Expenses into a Regulatory Asset*, Minnesota Public Utilities Commission, Order, May 22, 2020, Docket No. E,G-999/CI-20-425 & Docket No. E,G-999/M-20-427 (eDockets) [20205-163420-02](#), at 4-6.

¹² Minnesota Public Utilities Commission, Order, October 17, 2018 Docket No. G-002/M-17-894 (eDockets) [201810-147126-01](#), at 5.

infrastructure in sparse areas, and that deferred accounting would only apply to costs incurred between a finite time frame.¹³

In the current Petition, Minnesota Power also referred to the Commission's approved use of deferred accounting for costs associated with complying with the State of Minnesota's Mercury Emissions Reduction Act of 2006 as a similar example of utilizing delayed recovery of costs.¹⁴

The Department notes these examples differ from the instant Petition in scope and nature, however present some semblance of rationale in the criteria the Commission is comfortable with in approving the use of deferred accounting to aid a utility company.

C. DEPARTMENT EVALUATION OF MINNESOTA POWER'S DEFERRED ACCOUNTING REQUEST

The Department evaluated Minnesota Power's deferred accounting request to determine whether the expenses and costs associated with adhering to the new Legacy CCR Impoundment Rule are unusual, unforeseeable, and/or extraordinary, financially significant in amount, related to utility operations, and likely to provide or not provide ratepayer benefit. Because the Commission has sometimes approved deferred accounting for costs incurred to meet public policy mandates, the Department also evaluated whether the Company's request aligns with current public policy objectives. In addition, the Department contemplated to what extent the Commission's approval of deferred accounting for Otter Tail's EV Charging and Infrastructure petition might be useful for the Commission's decision in the Company's current petition. Finally, the Department considered whether approving deferred accounting in the instant proceeding would appropriately incentivize Minnesota Power to optimize the cost-effectiveness of its Legacy CCR Rule cost recovery.

C.1. Does Minnesota Power's Increased Depreciation Expense and Investigative Costs Meet the Four Criteria Typically Considered by the Commission for Deferred Accounting Requests?

The Department believes that Minnesota Power's proposal meets the criteria frequently considered by the Commission in analyzing utility deferred accounting requests. The following discussion addresses each of the criteria against which the Department evaluated the Company's deferred accounting request.

¹³ *In the Matter of Otter Tail Power Company's Request for Approval of Electric Vehicle Charging and Infrastructure Programs*, Minnesota Public Utilities Commission, Order, October 27, 2020, Docket No. E-017/M-20-181 (eDockets) [202010-167708-01](#), at 9.

¹⁴ *In the Matter of the Petition for Approval of Deferred Accounting Treatment of Costs Related to the Mercury Emissions Reduction Act of 2006*, Minnesota Public Utilities Commission, Order, January 31, 2007, Docket No. E002/M-06-1315 (eDockets) [3743122](#).

C.1.1. Unusual, Unforeseeable, and/or Extraordinary

On May 8, 2024, the United States Environmental Protection Agency (“EPA”) published its final CCR Legacy Rule in the Federal Register, applicable to all regulated generating facilities, becoming effective November 8, 2024. The Company does not have any Legacy CCR Units; however, the new Rule expanded the scope of units regulated under the Legacy CCR to include legacy impoundments and created a new category of units called CCR Management Units (“CCRMUs”). Minnesota Power states they have potential CCRMUs at two previously closed plants.¹⁵ The Company also states they could not have foreseen these costs when it filed its last rate case, and the new Legacy CCR is unusual in that it does not have a state implementation process or rely on a state permitting program.¹⁶

While the Legacy CCR has been known to be in development for several years,¹⁷ the final requirements of the rule were not known until last year, and the Company is still developing reasonable estimates of the cost of complying with those requirements. Thus, the need to incur the costs became known only recently, and the magnitude of the costs is still unknown. The Department notes that in Docket No. G002/M-94-104, the Commission found that costs to clean up Northern States Power Gas Utility’s manufactured gas plant (“MGP”) sites were unforeseeable despite the fact that the need to clean MGP sites up had been known for multiple years and other utilities had already requested deferred accounting for similar costs.¹⁸ Based on this, the Department concludes that the costs to comply with the Legacy CCR for which Minnesota Power is seeking deferred accounting were unforeseeable.

C.1.2. Financially Significant in Amount

While Minnesota Power is unable to determine exact costs of compliance with the new Legacy CCR (the Company estimates internal analysis is only 5 to 10 percent complete, with a due date of February 9, 2026¹⁹), preliminary estimates are between approximately \$50 million and \$85 million incurred over the next 10 years, based on eight possible compliance scenarios.²⁰ The Company notes the partial year 2024 expense since the Legacy CCR became law is \$4.2 million in total (\$3.7 million for the Minnesota jurisdiction) and estimated to be approximately \$6.3 million in 2025 in total (\$5.5 million for the Minnesota jurisdiction). The Company provided a table, which compares decommissioning costs with and without implementing the Legacy CCR at the two sites the Company identified as having potential

¹⁵ Petition, p. 4.

¹⁶ Petition, p. 12.

¹⁷ See, generally, <https://www.epa.gov/coalash/final-rule-legacy-coal-combustion-residuals-surface-impoundments-and-ccr-management-units#rule-history>.

¹⁸ *In the Matter of the Application of Northern States Power Company – Gas Utility for Approval of Deferred Accounting for Certain Manufactured Gas Plant Site Cleanup Costs*, Minnesota Public Utilities Commission, Order, September 6, 1994, Docket No. G002/M-94-104 (eDockets) [393838](#), at 5.

¹⁹ Petition, p. 5.

²⁰ Petition, Attachment A, p. 1 of 1.

CCR.²¹ The Company estimates the overall change to decommissioning costs in accounting for CCR is an 89 percent increase.

The Department reviewed Minnesota Power's preliminary estimate of \$50-\$85 million and concludes these costs are significant given the size of Minnesota Power's operations. For example, in the Company's last rate case, the Commission approved a revenue requirement increase of \$89.1 million net of riders.²² Thus, the Department agrees that Minnesota Power's proposed compliance costs, although approximate, may potentially have an unforeseen significant impact on the financial wellbeing of the Company.

C.1.3. Related to Utility Operations

The new Legacy CCR Legacy establishes monitoring, compliance, and mitigation requirements for legacy coal ash ponds or CCR surface impoundments to protect human health and the environment. The Company identifies its Boswell Energy Center in Cohasset, Minnesota and Laskin Energy Center in Hoyt Lakes, Minnesota as two sites that may contain CCRMUs, and could be impacted by the implementation of the Legacy CCR, affecting the Commission-approved decommissioning costs associated with site closure. The Department agrees that the investigative expenses and depreciation costs are related to utility operations.

C.1.4. Likely to Provide or Did Provide Ratepayer Benefit

In following the guidelines and procedures of the new Legacy CCR, the Company states it will be identifying potential risk to human health and the environment, and work to mitigate the threat to ratepayers. Minnesota Power notes completion of the full site evaluations with help determine applicable requirements for each location and select appropriate closure or removal plans, to both adhere to the new Rule and provide safety for its ratepayers and the environment. In addition, the Company notes that Minnesota Power's customers will also benefit from the Company's adherence with the new environmental Rule in avoiding any fines or fees associated with noncompliance.²³ The Department agrees, while unconfirmed until full site evaluations are completed, there is potential for ratepayer benefit in properly addressing human health and environmental risk.

²¹ Petition, p. 12.

²² *In the Matter of the Application of Minnesota Power for Authority to Increase Electric Service Rates in the State of Minnesota*, Minnesota Public Utilities Commission, Order, Docket No. E015/GR-23-155 (eDockets) [202411-212388-01](#), at 1.

²³ *In the Matter of the Application of Northern States Power Company – Gas Utility for Approval of Deferred Accounting for Certain Manufactured Gas Plant Site Cleanup Costs*, Minnesota Public Utilities Commission, Order, September 6, 1994, Docket No. G002/M-94-104 (eDockets) [393838](#), at 5.

C.2. Does Minnesota Power's Request Align with Current Public Policy Objectives?

Minnesota Power states that in keeping in compliance with the Legacy CCR, it helps ensure that coal ash from company operations will not pose harm to humans or the environment. When deferred accounting has been allowed in the past, the Commission has noted a necessity to advance important public policy goals, as with the aforementioned State of Minnesota's Mercury Emissions Reduction Act of 2006. The Department agrees that implementation of the Legacy CCR would be important to the public policy of protecting human health and the environment.

C.3. Does Past Commission Approval of Deferred Accounting Prove Useful in Considering Minnesota Power's Request?

While not always uniform, the Commission's past approval of using deferred accounting has often used similar criteria and rationale in allowing utility companies to use this method to recover costs. Minnesota Power states an understanding that deferred accounting is an exception to the normal ratemaking process and is reviewed on a case-by-case basis. The Department views posing and answering the same four criteria questions that the Commission's past deferred accounting approvals (as used in Otter Tail's EV charging petition and Minnesota State Regulated Utilities' COVID-19 expenses petitions, among others) has proved useful in analyzing of the Minnesota Power's request in the current petition.

C.4. Is Minnesota Power Appropriately Incentivized to Optimize Cost-Effectiveness of its CCR Cost Recovery?

While deferred accounting does not guarantee cost recovery, it does create the strong possibility of cost recovery of expenses incurred outside a rate case test year. As the Legacy CCR was implemented after the Company filed its last rate case on November 1, 2023, approval of deferred accounting would allow the Company to track expenses to be recovered in a future rate case. When the Company requests cost recovery in a future proceeding, that recovery would be subject to Department and interested parties review of the costs/expenses and any related revenues/credits²⁴, Commission approval, and the Commission will have the authority to disallow recovery of costs it deems to have been imprudent.

²⁴ Similar to the recommendation by the Department and ordered by the Commission, see *In the Matter of an Inquiry into the Financial Effects of COVID-19 on Natural Gas and Electric Utilities and In the Matter of the Petition of the Minnesota Rate Regulated Electric and Gas Utilities for Authorization to Track Expenses Resulting from the Effects of COVID-19 and Record and Defer Such Expenses into a Regulatory Asset*, Department, Comments, July 10, 2020, Docket Nos. E,G999/CI-20-425 (eDockets) [20207-164806-01](#) at 9; *In the Matter of an Inquiry into the Financial Effects of COVID-19 on Natural Gas and Electric Utilities and In the Matter of the Petition of the Minnesota Rate Regulated Electric and Gas Utilities for Authorization to Track Expenses Resulting from the Effects of COVID-19 and Record and Defer Such Expenses into a Regulatory Asset* Minnesota Public Utilities, Order, November 20, 2020, Docket Nos. E,G999/CI-20-425 (eDockets) [202011-168043-02](#) at 3.

D. IMPLEMENTING TRACKING REQUIREMENTS

The Department notes Minnesota Power's willingness to track costs and expenses relating to the discovery and implementation of the new Legacy CCR Legacy. The Department recommends the Company establish a tracking account which should also include any related revenues, credits or offsets that will be reviewed when the Company files its next rate case.

The Department agrees with Minnesota Power in requiring the Company to create a tracking account to document the delayed recognition of the investigative and reclamation costs to its balance sheet. The expenses would be cataloged as either depreciation or other operating costs, remaining on the Company's books for Commission review, likely in a future rate case.

In the Company's response to the Department's Information Request 1 in the current Petition, Minnesota Power states they would document investigative costs the same as reclamation costs associated with complying with the Legacy CCR.²⁵ The Company proposes to defer both costs to its balance sheet in a tracking account, which will delay the recognition of those expenses. The Company requests these depreciation or other operating cost expenses be accumulated in a deferred tracking account, for the Commission to review, likely in a future rate case. The timing of the next rate case is currently unknown. The Department agrees this deferred accounting plan is similar in thought and execution with prior Commission approved deferred accounting method usage. However, this deferred accounting should also include any related revenues, credits or offsets to these requested deferred costs.

IV. DEPARTMENT RECOMMENDATIONS

The Department concludes Minnesota Power's request to employ deferred accounting in tracking its adherence with the new Legacy CCR to be reasonable and in accordance with prior similar Commission approved accounting practices. The Department agrees the costs for which Minnesota Power has requested deferred accounting are unusual and unforeseeable, financially significant, utility related, and relate to operations which have already benefited or will benefit ratepayers. In addition, the costs will be incurred pursuant to important environmental policy objectives. The Department recommends (and the Company agrees) implementing a tracking mechanism to document the investigative costs and depreciation expenses as the internal analysis and discovery is completed, and the most prudent pathway is identified and put into action.

²⁵ See Attachment 1 (response to DOC IR 1)

Based on analysis of Minnesota Power's Petition for Approval to Track and Defer Costs Resulting from The Legacy CCR Surface Impoundment Rule and the information in the record, the Department recommends that the Commission:

- Approve Minnesota Power's request to use the method of deferred accounting to track and defer costs resulting from implementing the new Legacy CCR Rule, including any related revenues, credits or offsets to these requested deferred costs;
- Require Minnesota Power to establish a tracking mechanism to document the investigative costs and depreciation expenses associated with implementing the new Legacy CCR Rule, including the tracking of any related revenues, credits or offsets to these requested deferred costs;
- Require Minnesota Power to provide an update on total net cost estimate after the Company has completed its internal analysis;

Attachments



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

Docket Number: E015/M-24-437
Requested From: Minnesota Power
Type of Inquiry: Financial

☐ Nonpublic ☒ Public
Date of Request: 1/13/2025
Response Due: 1/23/2025

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

Assigned Analyst(s): Justin Taylor, Mark Johnson

Email Address(es): justin.taylor@state.mn.us, mark.a.johnson@state.mn.us

Phone Number(s): 651-539-1031, 651-539-1824

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:	1
Topic:	Investigative Costs and CCR Cost Recovery Request for Deferred Accounting
Reference(s):	Petition Cover Letter

Request:

Please confirm how Minnesota Power plans to pursue recovery of the investigative costs in its deferred accounting proposal. Will the investigative costs be included in depreciation expenses, or another line item, and when will the requested recovery take place?

Response:

Minnesota Power would handle the investigative costs the same as the reclamation costs associated with complying with the Legacy CCR Rule, as both are needed to fully comply. The Company is proposing to defer both investigative and reclamation costs to its balance sheet in a tracking account, which would allow the Company to delay the recognition of these expenses. These expenses, as either depreciation or other operating costs, would be accumulated in a deferred tracking account and remain on the Company's books for the Commission to review and act upon, most likely through a future rate case. Minnesota Power has not determined when it will file its next rate case. Ultimate timing of recovery would coincide with final rate implementation after Commission approval of a proposal for cost recovery.

To be completed by responder

Response Date: January 23, 2025
Response by: Susan Ludwig
Email Address: sludwig@mnpower.com
Phone Number: 218-591-6573