

June 17, 2025

Will Seuffert
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Letter of the Minnesota Department of Commerce
Docket No. Docket No. E015/D-24-324

Dear Mr. Seuffert:

On September 24, 2024, Minnesota Power (or “the Company”) filed its 2024 Remaining Life Depreciation Petition. Among other things, the Company proposed to adjust the net salvage rates of certain plants to reflect the expected costs to comply with new regulations enacted by the Environmental Protection Agency related to inactive surface impoundments of coal combustion residuals (the “Legacy CCR Rule”).

On December 20, 2024, the Minnesota Department of Commerce (Department) filed comments approving Minnesota Power’s 2024 Remaining Life Depreciation Petition, except for salvage rates for Boswell Energy Center Unit 3, Boswell Energy Center Common and Laskin Energy Center.

On December 30, 2024, Minnesota Power filed a Petition in a new Docket (Docket No. E015/M-24-437, or the “Deferred Accounting Docket”) requesting approval of deferred accounting for the incremental depreciation expense attributable to the Legacy CCR Rule, as well as other related costs.

On January 14, 2025, the Department filed a letter noting that its final recommendations in this docket would be dependent on its analysis of, and recommendations in, the Deferred Accounting Docket. As a result, the Department needed to complete its analysis in the Deferred Accounting Docket before taking further action in this Docket.

On May 30, 2025, the Department filed Comments in the Deferred Accounting Docket recommending approval of the Company’s request for deferred accounting, with modifications.

Based on its conclusions in the Deferred Accounting Docket, the Department now recommends that the Commission approve Minnesota Power’s proposed depreciation parameters and rates, including its estimated costs related to the Legacy CCR Rule.

Specifically, the Department recommends that the Commission:

- Approve Minnesota Power's proposed depreciation lives, salvage rates, and depreciation rates, effective January 1, 2024;
- Approve the continued use of a 2035 estimated remaining life of BEC 3, BEC 4, and BEC Common for depreciation purposes. Any depreciation adjustments required for these facilities would be implemented in Minnesota Power's next rate case or other appropriate proceeding.
- Require Minnesota Power to continue filing, in future depreciation filings, a comparison of the remaining depreciable lives proposed in its depreciation filing and the remaining operating lives approved in the Company's most recent integrated resource plan, with an explanation of any difference.
- Determine the depreciation rates approved herein are for accounting purposes and neither bind nor preclude modified depreciation expense in a general rate case proceeding.

Sincerely,

/s/ Sydnie Lieb, Ph.D.
Assistant Commissioner, Department of Regulatory Affairs

CA/ad
Attachment