

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

In the Matter of the Petition of Minnesota
Power for Approval of Modifications to its
Large Power Tariff

PUC Docket No. E015/M-26-126

LPI INITIAL COMMENT

I. INTRODUCTION

On February 18, 2026, ALLETE, Inc. d/b/a Minnesota Power (“Minnesota Power” or the “Company”) submitted a petition for approval of its very large customer class proposal (the “Petition”). The Minnesota Public Utilities Commission (the “Commission”), most recently in a notice of comment period dated April 2, 2026 (“Notice”), established May 8, 2026, and May 19, 2026, respectively, as the due dates for initial comments and reply comments to the Petition. Generally, the issue established via the Notice is whether the Petition complies with state law, including Minn. Stat. § 216B.1622. The Large Power Intervenors (“LPI”)¹ greatly appreciate the opportunity to comment on this critical issue in response to the Notice and strongly support economic development in Minnesota Power’s service territory. Providing a transparent and efficient process to facilitate this economic development will benefit all of the Company’s customers. That said, it is incumbent upon the Commission to ensure that this welcomed economic development does not come at the cost of harming existing customers. LPI submits this comment with the intention of assisting the Commission in this endeavor and statutory direction to establish the appropriate characteristics of a new “very large customer class” by December 15, 2026, pursuant to Minn. Stat. § 216B.1622 subd. 1.

¹ An *ad hoc* consortium of large industrial end-users of electric energy taking service from Minnesota Power and for purposes of this comment consisting of Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Cleveland-Cliffs Minorca Mine Inc.; Enbridge Energy, Limited Partnership; Gerdau Ameristeel US Inc.; Hibbing Taconite Company; Sappi Cloquet, LLC; USG Interiors, Inc.; United States Steel Corporation (Keetac and Minntac Mines); and United Taconite, LLC

II. ANALYSIS

The Petition was filed in response to legislation passed on June 14, 2025, aimed at making the state a competitive environment for large-scale customers, and included provisions impacting electric utility regulation and rate design.² The legislation directs the Commission to “evaluate how best to achieve appropriate outcomes for proposed tariffs applicable to these customers,” considering issues such as “cost assignment, alignment with the state’s electricity and clean energy standards, and customer protections.”³

LPI members are historically some of the largest industrial users of energy in the nation with the cost of energy being roughly 25% of the overall cost of production. Indeed, as noted by Minnesota Power in its Petition, two of LPI’s members (Cleveland-Cliffs Inc. and United States Steel Corporation) “own and operate all six taconite mining facilities in northern Minnesota, which accounted for over 50% of Minnesota Power retail kilowatt-hour (“kWh”) energy sales in 2024.”⁴ Through these and other operations of its members, LPI has a significant impact on the state’s economy, jobs, and taxes. Collectively, during normal operations, LPI members contribute approximately \$5 billion annually to the Minnesota economy, directly and indirectly support over 13,000 jobs with a collective annual payroll of more than \$400 million, and pay more than \$150 million annually in State taxes. This economic engine in Northern Minnesota also pays roughly two-thirds of Minnesota Power’s annual revenue. Notwithstanding this contribution or size of its members’ operations, even one new hyperscale data center could match or exceed the collective load of LPI. It therefore has a keen interest in the Petition and how approval of that Petition could impact existing tariffs and future rates for utility service.

A. Overview of Minn. Stat. § 216B.1622

Minn. Stat. § 216B.1622, subd. 1 requires that

² *In the Matter of the Petition of Minnesota Power for Approval of Modifications to its Large Power Tariff*, Docket No. E015/M-26-126, Petition at 2 (Feb. 18, 2026) (eDocket No. 20262-228274-01) (“Petition”).

³ Petition at 2.

⁴ Petition at 1.

By December 15, 2026, the commission shall establish by order the definition and appropriate characteristics of a very large customer class or subclass for each public utility providing electric service. The commission may do this in a rate case under section 216B.16 for that utility or in another proceeding.

Additionally, the statute requires that in its evaluation of a tariff or agreement under this subsection, the Commission must consider how certain required outcomes will be achieved, such as:

(1) all costs attributable to the utility's very large customers not exempt under subdivision 3 are assigned to the very large customer class or subclass determined by the commission under paragraph (a);

(2) the electricity to be provided by the utility to a very large customer achieves each quantitative benchmark of the state's electricity standards under section 216B.1691, as demonstrated by a plan submitted by the utility to serve the additional load without recourse to requesting a delay or modification of these standards;

(3) the tariff or agreement contains protections necessary to ensure that other customers of the public utility are not placed at risk for paying stranded costs associated with the utility serving the very large customer; and

(4) any other outcome deemed important by the commission to ensure the tariff or agreement is in the public interest.

Finally, subdivision 3 directs that this statute “*shall not apply* to existing, renewed, or extended electric service agreements of public utility customers meeting the threshold of a very large customer, or to very large customers that have been actively taking electric service from the public utility prior to 2020.” Minn. Stat. § 216B.1622, subd. 3 (emphasis added).

B. The Petition Does Not Comply with Minn. Stat. § 216B.1622.

1. The Petition Runs Afoul of Specific Legislative Direction to Create a Distinct Class for New Very Large Customers.

Minnesota Power’s proposal in the Petition to simply include very large customers in its current Large Power (“LP”) Service Schedule (“LP Tariff”), rather than establish a new class for these customers, fails to comply with the statute’s clear and unambiguous requirements. “The touchstone for statutory interpretation is the plain meaning of a statute’s language.” *ILHC of*

Eagan, LLC v. County of Dakota, 693 N.W.2d 412, 419 (Minn. 2005) (citing Minn. Stat. § 645.16). When interpreting a statute, a reviewer must “first look to see whether the statute’s language, on its face, is clear or ambiguous.” *Am. Family Ins. Grp. v. Schroedl*, 616 N.W.2d 273, 277 (Minn. 2000) (citing *Amaral v. Saint Cloud Hosp.*, 598 N.W.2d 379, 384 (Minn. 1999)). Words and phrases in a statute must be assigned ““their plain and ordinary meaning”” unless otherwise defined in the statute. *Sanchez v. Dahlke Trailer Sales, Inc.*, 897 N.W.2d 267, 273 (Minn. 2017) (citation omitted); see Minn. Stat. § 645.08(1). Further, when interpreting the plain meaning of a statute, the reviewer must “read the statute as a whole and give effect to all of its provisions,” *Conga Corp. v. Comm’r of Revenue*, 868 N.W.2d 41, 46 (Minn. 2015) (citing *Staab v. Diocese of St. Cloud*, 813 N.W.2d 68, 72 (Minn. 2012)), such that “no word, phrase, or sentence should be deemed superfluous, void, or insignificant,” *Allan v. R.D. Offutt Co.*, 869 N.W.2d 31, 33 (Minn. 2015) (citation and internal quotation marks omitted).

Here, the new statutory scheme is clear. For Minn. Stat. § 216B.1622 subds. (1), (2), and (3) to be rendered meaningful, the statute can only be read to require establishment of a new class and accompanying tariff for “very large customers.” This reading of the statute results from the direction that “all costs attributable to the utility’s very large customers not exempt under subdivision 3 are assigned to the very large customer class or subclass determined by the commission.” Minn. Stat. § 216B.1622, subd. 2(1). Approving the Petition would run contrary to this directive because, under Commission-promulgated rules, Minnesota Power is required to include the following information as part of a general rate case filing (1) a summary and detailed comparison of present and proposed revenue by customer class; and (2) a class cost of service study. Minn. R. 7825.4300. Placing new very large customers into the LP class would, by definition, socialize the costs of providing service to those new very large customers to at least other members of the LP class (including LPI members). Alternatively stated, there is no way to satisfy the statutory direction in Minn. Stat. § 216B.1622, subd. 2(1) once the new very large customers are placed into the LP class, where the financial information will be consolidated for presentation in Minn. R. 7825.4300.

Additionally, Minn. Stat. § 216B.1622, subd. 2(3) requires that a proposed tariff or agreement under the statute include “protections necessary to ensure that other customers of the public utility are not placed at risk for paying stranded costs associated with the utility serving the

very large customer.”⁵ The Company cannot ensure compliance with subd. 2(3) if it does not establish a separate class for its new “very large customers.” The customer protections Minnesota Power proposes concentrate on addressing costs associated with establishing service for very large customers, but not continuing service. For example, in its Petition, Minnesota Power states that customers seeking to connect directly to the transmission system, will need to “cover the cost of interconnection studies as well as any interconnection and network upgrade facility costs identified through the process as necessary to serve their load.”⁶ The Petition also states that “there are no distribution system costs associated with transmission-connected customers, further limiting the potential for cost shifts.”⁷ However, Minnesota Power provides no explanation of how it will isolate the costs associated with serving very large load, let alone assurances that such costs will not be socialized to other members of the LP class. In fact, as noted above, Commission regulations presume such costs would not be isolated as part of a general rate case. Therefore, the new very large customers must be in a separate class.

As added protection, Minn. Stat. § 216B.1622, subd. 3 states that the statute “shall not apply” to existing electric service agreements, or to very large customers taking service from the Company prior to 2020. Granting the Petition would run directly contrary to this statutory direction. There is no way for the Commission to, as Minnesota Power requests in the Petition, satisfy all of the provisions in Minn. Stat. § 216B.1622, including subdivision 3, and place the new very large customers in the LP Tariff. Had the legislature desired to accommodate the request Minnesota Power makes in the Petition, it could have done so but explicitly did not.⁸ Minnesota Power cannot add language to the statute that is not there. “Neither agencies nor courts may under the guise of statutory interpretation enlarge the agency’s powers beyond that which was contemplated by the legislative body.” (quoting *Waller v. Powers Dep’t Store*, 343 N.W.2d 655,

⁵ Minn. Stat. § 216B.1622, subd. 2(3).

⁶ Petition at 4.

⁷ Petition at 4.

⁸ In fact, one version of the bill appears to contain the very language Minnesota Power believes is in the final version of the statute. In that draft, the conclusion of subdivision 3 of what became Minn. Stat. § 216B.1622 states “A utility with an applicable tariff on file may demonstrate that tariff complies with this section.” Tax Bill Draft, SC3276, lines 169.24 – 169.25, available here:

https://assets.senate.mn/committees/2025-2026/1019_Committee_on_Taxes/sc3276.pdf

657 (Minn. 1984)). Therefore, the Commission cannot approve Minnesota Power’s request to leverage the LP Tariff as a means of compliance with Minn. Stat. § 216B.1622.

2. The LP Tariff is not “Well-Suited” to Serve New Very Large Customers.

Minnesota Power asserts that the LP Tariff is “well-suited to accommodate new very large customers while upholding cost causation principles.”⁹ The inaccuracy of this representation is epitomized by the Company’s Electric Service Agreement (“ESA”) Petition with Google, filed in MPUC Docket No. 26-159,¹⁰ which may be the first of many new very large customers and related ESA filings. As part of the Google ESA Petition, MP “proposes revisions to the Large Power Service tariff” that will necessarily occur outside of a general rate case.¹¹ Since the filing of the Petition, the Company submitted a compliance filing in this docket regarding the Company’s proposed changes to the LP Tariff it suggested as part of the Google ESA Petition, portraying the changes as necessary to “modernize” certain aspects of the tariff.¹²

It is unclear how Minnesota Power’s LP Tariff can function effectively for purposes of the Company’s Petition when amendments will be required to the LP Tariff as part of the ESA with Google. The Company’s allegations in the Compliance Filing that it needs to “modernize” the LP surcharge language in the LP Tariff provides little comfort to existing LP customers and what other “modernization” efforts may come next. LPI is concerned that each ESA entered into with a “very large customer” will result in piecemeal “modernization” changes to the Company’s LP Tariff outside of a general rate case and without sufficient opportunities for discovery or input by other parties. This is only the first ESA the Company has entered into with a “very large customer” and significant concerns have already emerged regarding how it will interact with the existing LP Tariff. The method in which Minnesota Power is attempting to treat new “very large customers” is incongruous with section 216B.1622, and should not be approved as proposed. Instead,

⁹ Petition at 2.

¹⁰ *In the Matter of the Petition for Approval of an Electric Service Agreement between Google and Minnesota Power*, Docket No. E015/M-26-159, Petition (Mar. 27, 2026) (eDocket No. 20263-229694-01) (“Google ESA Petition”).

¹¹ Google ESA Petition at 19.

¹² *In the Matter of the Petition of Minnesota Power for Approval of Modifications to its Large Power Tariff*, Docket No. E015/M-26-126, Compliance Filing (April 14, 2026) (eDocket No. 20264-230401-01) (“Compliance Filing”).

Minnesota Power should be directed to establish a separate class for its very large customers, distinct from its existing large power customers, such that the costs to serve very large customers can be explicitly tracked and socialization of costs to existing customers can be mitigated.

LPI's concern is magnified by the sheer size and scope of potential new load on Minnesota Power's system. In response to a data request in its pending IRP, the Company stated that "[t]here are currently 12 active requests in Minnesota Power's (or 'MP's') transmission-load interconnection queue that represent over 7,600 MW of new potential load."¹³ Splitting this load equally among the 12 active requests is roughly 630 MW per application. Compare this to Minnesota Power's statement in its application that the 8 LP customers represent over 600 MW of peak demand.¹⁴ In other words, the pending transmission load interconnection queue is the rough equivalent of 12 new LP classes. While LPI appreciates that not all of these interconnections will result in new load, Minnesota Power is modelling 1,100 MW of potential load growth in its IRP,¹⁵ nearly double the size of its existing LP class. Minnesota Power has no plausible basis to assert that the LP Tariff is designed to accommodate the LP Class tripling (or more) in size with new customers.

3. A Related Utility Filing Supports LPI's Position

On May 5, 2026, Northern States Power Company d/b/a Xcel Energy ("Xcel") submitted a letter in its pending very large customer tariff docket that is consistent with LPI's position in this comment. There, Xcel stated that it "now supports a separate rate class for Large Load customers to increase transparency in cost allocations for base rates and riders. For base rates, a separate Large Load class simplifies cost allocation – ensuring that all costs can be appropriately allocated to large load customers. For riders, a separate class would also enable all costs to be appropriately allocated to new Large Load customers."¹⁶ While differences undoubtedly exist between Xcel and

¹³ *In the Matter of Minnesota Power's 2025-2039 Integrated Resource Plan*, Docket No. E-015/RP-25-127, Initial Comments of the Clean Energy Organizations at 58 (April 20, 2026) (eDocket No. 20264-230696-03) ("CEO IRP Comment").

¹⁴ Petition at 3.

¹⁵ CEO IRP Comment at 58.

¹⁶ *In the Matter of the Large General Time of Day Service and Large Peak Controlled Time of Day Service Tariffs*, Docket No. E002/M-25-289, Letter Comment (May 5, 2026) (eDocket No. 20265-231497-01) ("Xcel Letter").

Minnesota Power regarding system peak demand and customer make up, the high-level position in the Xcel Letter that a separate rate class supports transparency should hold true across utilities in Minnesota. A separate rate class for new very large customers is thus appropriate for Minnesota Power.

C. LPI Recommends the Commission Define “Very Large Customer.”

As a related matter to be addressed pursuant to the Notice, the Commission should address the scope of the new separate class and tariff for very large customers. The term “very large customer” is not defined in Minn. Stat. § 216B.1622. In ascertaining legislative intent, it is reasonable for the Commission to consider, *inter alia*, “(1) the occasion and necessity for the law; (2) the circumstances under which it was enacted; (3) the mischief to be remedied; (4) the object to be attained; (5) the former law, if any, including other laws upon the same or similar subjects; (6) the consequences of a particular interpretation; (7) the contemporaneous legislative history; and (8) legislative and administrative interpretations of the statute.” Minn. Stat. § 645.16. The Commission can also be guided by the presumption that the legislature does not intend an absurd result or one impossible of execution and that the entire statute should be effective and certain. Minn. Stat. § 645.17.

Relevant here, “data center” has been defined as a facility “designed to have a load of 100 megawatts or more.” Minn. Stat. § 216B.02, subd. 11. If the legislature intended to confine the scope of very large customers to data centers, it could have done so. It did not. Furthermore, the state has long had electric utility customers meeting or exceeding 100-200 MW of peak load at a single site (e.g. LPI members) and so it would be unreasonable to assume the legislature deemed it necessary to create a new tariff for those customers now. Based on news reports, it appears that the legislature was attempting to address the impact of significant load growth on the electric system,¹⁷ the size and scope of which, as noted above, could dwarf customers historically viewed as very large industrial operations (i.e., LPI members).¹⁸ For these reasons, a reasonable point of demarcation for very large customers—as opposed to those large customers in the LP tariff—could

¹⁷ See <https://www.startribune.com/dfi-backed-bill-takes-a-harder-line-on-the-data-center-boom/601314730>.

¹⁸ See <https://minnesotareformer.com/2025/06/06/xcel-president-minnesota-can-meet-data-center-energy-demands-and-2040-carbon-free-mandate/>.

be 250 MW of peak demand at a single site if peak demand is the only consideration. To ensure this threshold is not manipulated, there could also be an alternative threshold for aggregation (e.g., 350 MW). If peak demand is not the only consideration, the Commission could choose a lower peak demand threshold and add other qualifications (e.g., load factor, industry type, scalability, etc.) to account for relevant distinctions between Minnesota Power’s existing LP customers and new very large customers. However the Commission ultimately chooses to define “very large customer,” the definition and new class should be designed to be distinct from existing large customers in Minnesota Power’s LP class.

III. CONCLUSION

For the reasons LPI has described above, the Company’s treatment of new “very large customers” as proposed contravenes the requirements of the statute and requires significant modification prior to approval. Therefore, LPI respectfully requests that the Commission direct Minnesota Power to submit an alternative, and separate, tariff for serving new very large customers. As part of this direction, LPI respectfully requests the Commission’s order establish the characteristics of Minnesota Power’s new “very large customer class” consistent with this comment.

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