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Submitted via eDockets

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

Re: *In the Matter of the Petition of Minnesota Power for the Acquisition of ALLETE by Canada Pension Plan Investment Board and Global Infrastructure Partners,* Docket Nos. E-015/PA-24-198 and E-015/M-24-383

Executive Secretary Bull:

CURE submits these initial comments to the Minnesota Public Utilities Commission (Commission) regarding the questions posed in the July 18, 2025, Notice of Comment Period on the Proposed Settlement (Notice) in the above-referenced docket. In the Notice the Commission asks: "Is the proposed Settlement between the Department of Commerce and ALLETE consistent with the public interest?" It is not.

The Department of Commerce's (Department) political decision to switch sides in a case is contrary to its testimony, briefing, and mission to protect Minnesotans in utility proceedings. It is contrary to the findings of the Administrative Law Judge (ALJ), which rely in large part on the testimony of the Department regarding the grave harms to the public interest that arise from this acquisition. It has no legal significance, and does not make this acquisition consistent with the public interest, as correctly found by the ALJ.[1] Therefore, the Commission should give this proposed resolution no weight and proceed according to the law as the ALJ laid out in her findings

[1] Findings of Fact, Conclusions of Law, and Recommendations at 67 n.549 (July 15, 2025), eDocket Document No. 20257-221020-01 [hereinafter "ALJ Report"] (concluding: "the Administrative Law Judge has reviewed the stipulation and notes that her concerns regarding the Acquisition have not been resolved and it does not change the Administrative Law Judge's recommendation to disapprove the Acquisition.").

and conclusions. This "settlement" does not reflect the agreement of most parties to this case, nor the vast majority of public comments opposing this acquisition, and cannot mitigate the harm posed by this proposed acquisition.

1. **Is the proposed Settlement between the Department of Commerce and ALLETE consistent with the public interest within the meaning of Minn. Stat. § 216B.50?**

No. As discussed and evaluated by the ALJ, the overall harm of the transaction far outweighs the conditions proposed by the Applicants[2] and the additional conditions agreed by the Department on July 11th. The disproportionate amount of harm to customers of all types, and risk of mismanagement of Minnesota Power are not a side-effect of this acquisition, they are the economic drivers pushing it forward. Short-term and illusory commitments do not mitigate taking this utility into the shadows of private equity management, and cannot fully remedy the harms to transparency, reliability, affordability, and public confidence that will flow from an approval of this deal.

Addressing the main themes identified by the Department highlights regarding this agreement:

- The Department touts improved enforcement on the access to equity capital in its new agreement.[3] However, it's still true that Minnesota Power and the other Applicants failed to prove that access to capital was a foreseeable problem that it could not overcome with existing financing options. Thus, improved enforcement on a promise that has no benefit is not a benefit itself.

- There is no proof that the limited investment in clean firm technology announced in this agreement[4]—amounting to a little over $8 million per year for just six years—is better than what would have been invested without the acquisition. Indeed, as discussed further in #5 below, it appears on the face of the Department's letter that the Commission already has more ratepayer money to work with from the utility's existing hoarding of funds than offered by the Applicants in this settlement.

- The Department also suggests it has settled for significant ratepayer savings.[5] One year of delay before a rate case is no protection at all when it's clear that, just like the UPPCO example addressed by the ALJ's findings,[6] as soon as the year elapses the companies will

[2] In this filing "the Applicants" includes ALLETE, Minnesota Power, GIP, and CPP.
[3] Department of Commerce Letter at 1, July 11, 2025, eDocket Document No. 20257-220879-02 [hereinafter "DOC Letter"].
[4] *Id.* at 2.
[5] *Id.*
[6] ALJ Report ¶¶ 229–234 (concluding "Given the similarities between ALLETE and UPPCO, the Administrative Law Judge finds that the private-equity model offered by the Partners is not in

likely file a new rate case. While the settlement purports to set a lower ROE for the utility, this ROE is still far too high considering that the Applicants identify equity investment without any risk as the primary benefit of their acquisition. Moreover, adjusting Minnesota Power's inflated ROE marginally lower for one year does nothing to protect customers from higher ROE values in future rate cases.

- Service quality protections and penalties[7] would not be necessary if not for this acquisition, so further assurances that service will remain strong is not a benefit compared with the status quo. Moreover, these financial penalties will be imposed on Minnesota Power—not Alloy Parent, ALLETE, or the Partners—risking creating an additional burden for the company and its customers for deficiencies in service brought on by unreachable parties and the acquisition.

- To the extent that the Partners get to select and control a majority of the board members overseeing Minnesota Power's operations it really is of no consequence that some of them will meet a definition of "independence."[8] The agreement notes that seven directors will be controlled by the Partners, and the CEO of Minnesota Power will also sit on the board, meaning that the Partners will have an effective majority of eight under this agreement, just as they would have had prior to it.

- Two years of labor commitments are merely a temporary measure that would not have been required but for this acquisition.[9] By its own description, the Department is clear that they have obtained no additional labor protections, but merely caused the Applicants to describe what was already offered and committed to. The ALJ correctly found that these labor commitments were not significant enough to offset the broad and deep harm posed by this acquisition.

2. Has the proposed Settlement addressed the questions addressed to the Administrative Law Judge in the Commission's Order of October 7, 2024?

No more so than the Applicants' weak and illusory commitments that have already been analyzed and largely rejected by the ALJ.[10] The agreement at issue in this comment period does not materially change the analysis under any of the questions posed in the October Commission Order.

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the public interest."). *See also id.* at 49 n. 438 (discussing the bankruptcy of TXU/Energy Future Holdings following private equity takeover).

[7] DOC Letter at 2.

[8] *See id.*

[9] *Id.* at 3.

[10] ALJ Report at 67 n.549.

For example, the final question the Commission asked in that October Order stated, in part: "How will the acquisition impact Minnesota Power's ability to comply with the carbon-free standard under Minn. Stat. § 216B.1691[?]" The ALJ has already answered this:

> At the heart of this matter is the amount of capital Minnesota Power will require, and at what times, to comply with Minnesota's Carbon Free Standard. The Petitioners did not prove by a preponderance of evidence that they will be unable to meet the Carbon Free Standard absent the Acquisition, nor did they guarantee or present sufficient evidence showing that the standard will be met as a result of the Acquisition. Furthermore, the Legislature did not demand utilities, or the Commission, pursue the Carbon Free Standard at all costs. The Commission is tasked with ensuring Minnesota Power's path to compliance "maximizes net benefits to all Minnesota citizens." Ultimately, even if declining to approve the Acquisition eventually resulted in some complication or short delay in Minnesota Power meeting the Carbon Free Standard, this is not a reason to approve the transaction given its serious risk to Minnesota ratepayers.[11]

Nothing in the Department's agreement changes this fundamental inconsistency between this acquisition and the wellbeing of the public, including Minnesota Power's potential for compliance with the carbon-free standard. Nothing in the agreement fixes the failure of the Applicants to prove the financial need they assert, or that they will actually meet this need in the future.[12] The record in this case has closed, and late filings that color around the edges are unable to change the deficit of evidence of any meaningful benefit from this deal.

The settlement builds slightly upon what the Applicants already committed to doing in their testimony, which the Department joined other intervenors in rejecting as insufficient and overall contrary to the public interest. Ultimately the announced stipulation does not address the fundamental questions at the center of this case, and cannot rebut the facts as found by the ALJ.

3. **Does the Acquisition proposal as modified by the Settlement agreement provide appropriate protections to low-income customers and customers from marginalized communities?**

No. The rate increases that are part and parcel of this proposed acquisition will hit low-income and marginalized communities the hardest, both through rate impacts and by causing economic difficulty for businesses that supply industrial employment.[13] As the ALJ found "The Partners'

[11] ALJ Report at 66.
[12] The Applicants have committed to a short-term investment but have not committed to fund Minnesota Power's transition to 100 percent carbon-free energy by 2040.
[13] ALJ Report ⁋ 220 ("These projected rate increases will likely exceed the inflation rate, adversely impacting the budgets of residential customers and the economic competitiveness of ALLETE's large industrial customers.").

private memoranda, modeling, and communications with potential investors establish that the Partners are planning on significant rate increases that will likely exceed the long-run rate of inflation. . . . The Acquisition creates an unacceptable risk of rate increase and rate shock in a critical and economically vulnerable area of Minnesota."[14]

On the Iron Range and in Duluth people are already finding their utility bills unmanageable,[15] and this acquisition will make a difficult situation much worse. While it is important that the Commission take action to provide for continued funding for low-income energy assistance programs, keeping rates manageable in the first place protects many more customers from falling into financial difficulty that puts them in need of such interventions. Thus, rejecting the deal will protect low-income and marginalized customers far better than anything proposed in this settlement.

A one-year delay before the next rate case is wholly insufficient to protect these communities.[16]

4. **Are there conditions that should be imposed on this transaction in addition to those that were included in the settlement, and if so, what are those conditions? Please describe the additional condition and support its inclusion.**

The minimal guard rails outlined in the Department's agreement do not adequately protect the public interest, and no iterative conditions appended to this deal can overcome the broad harm that will follow the acquisition.

Any conditions that would be sufficient to render this acquisition consistent with the public interest would require changing the fundamental terms of the deal. For example, limiting the utility's ROE to 6 percent *for the entire period* that Minnesota Power is owned by the Partners would significantly decrease the potential for harm to customers, but would also negate the large premium that the Partners have offered to pay the current stock owners. Thus, in order to set a rational and protective ROE (far below what the Department agreed to here), the Commission would also have to change the overall sale price agreed by the Applicants, providing the buyers with a large discount and denying the sellers their unearned windfall.

Such terms can be renegotiated between the Applicants following the Commission's rejection of this deal, but it is not for the Commission to labor through all of the material and structural changes that will need to be done in order to erase the harm posed by this proposal.

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[14] *Id.* ¶ 222.

[15] There is copious evidence of this in the public comments submitted in this record. *See generally* Addendum A – Summary of Public Comments, July 15, 2025, eDocket Document No. 20257-221020-02.

[16] Considering the ALJ's findings, vulnerable communities will only be safe if the utility agrees to a rate case stay out for the entire time that the company is privately held.

5. Are there other issues or concerns related to this matter?

Yes. After rejecting this acquisition, the Commission should order Minnesota Power to use identified land profits for clean firm technology and low-income programs.

The Department's letter accompanying the settlement makes much of a $50 million investment in clean firm technology,[17] but in the very next paragraph notes that Minnesota Power has misappropriated $75.4 million of customer funds from land sales.[18] One does not need to be a financial expert to realize that $75.4 million is larger than $50 million. By taking this existing lump sum and using it for clean firm technology investment, Minnesota Power would have even more money than the Partners have agreed to provide—and without any need for this acquisition. Moreover, the additional surplus of $25.4 million could be split between low-income customer programs and additional investment in clean energy to the benefit of utility customers. Ratepayers would benefit from these investments with lower utility bills in the future, somewhat making up for the fact that this funding has not been refunded as the Commission originally ordered.

The Commission does not need to approve this acquisition in order to achieve any material benefits identified in this agreement.

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[17] DOC Letter at 2.
[18] *Id.*