



February 26, 2014

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**Re: Minnesota Power's Canisteo Transmission Project and ESA with Magnetation
MPUC Docket Nos. E015/TL-13-805 and E015/M-14430**

Dear Dr. Haar:

On behalf of Mag Mining LLC (Magnetation), enclosed are brief comments related to two Minnesota Power dockets that are currently pending before the Minnesota Public Utilities Commission (MPUC) that have significant impacts on Magnetation's new Plant 4 construction and future operations in Itasca County.

Founded in 2006, privately-held Magnetation Inc. was created with the intention of utilizing magnetic separation technology to capture iron ore particles left over from previous mining operations that existed on the iron range dating back to the 1890s. Magnetation broke ground on its Plant One located near Keewatin, MN in July 2008 and was producing concentrate to northern Minnesota customers only nine months later. Magnetation engineers then designed the Rev3™ Separator, an innovative technology that proved to be a solution to processing iron ore tailings.

2011 was a transformational year as Magnetation capitalized on the new technology to begin construction of Plant Two, its 1.2 million metric tonne (mt) per year facility located near Bovey, MN. In August 2011 Magnetation executed a joint venture with Steel Dynamics to construct a 1.0 million mt per year plant near Chisholm, MN utilizing Magnetation technology. In October 2011 the company announced its joint venture with AK Steel to form Magnetation LLC and further expand Magnetation's concentrate production capacity in northern Minnesota and



construct a 3.0 million mt pellet plant facility. Finally, in November 2011 the company completed construction on its Jessie Load-Out rail terminal near Grand Rapids, MN and celebrated its first commercial shipment to AHMSA.

Magnetation continued its growth in 2012 with first concentrate production at its Plant Two in May, just ten months after breaking ground. This facility effectively quadrupled the Company's production capacity. In November 2012, Magnetation announced it would be constructing its 3.0 million mt per year pellet plant in Reynolds, IN to supply AK Steel's blast furnace operations.

In 2013, Magnetation continued to deliver on its business objectives and further expansion in the future. In June the company marked the official start of construction on its pellet plant with the first concrete pour, and is well underway to completing this project on schedule. In order to supply sufficient raw material to the Pellet plant, Magnetation is constructing Plant Four near Coleraine, MN with the same compressed construction schedule as experienced with the other Minnesota facilities.

Currently under construction, Plant Four will produce twice that of Plant Two and represent an additional capital investment of \$155 million dollars and provide excellent employment opportunities for 160 people. These are high paying, skilled positions with an average annual wage and benefit package of \$75,000. This will bring Magnetation's direct employment to approximately 500 people and Minnesota capital investment of \$300 million dollars. **The construction schedule for Plant Four must be met** in order to bring these investments to fruition and secure the company's future as a supplier to the steel industry.

Turning to the two dockets, first, we appreciate the Department of Commerce's (Department) timely and favorable comments dated February 20, 2014 regarding the recently executed electric service agreement between Minnesota Power (MP) and Magnetation. We agree that this new contract is good for not only MP and Magnetation, but for all MP ratepayers and request the MPUC approve the contract. MPUC approval will trigger obligations on Magnetation's part related to operations and transmission service extensions and having that approval will provide us financial certainty.



Second, while the contract approval appears on track, we are very concerned that MP's route permit application for the Canisteo Transmission Project will not be approved in time to allow MP to construct its new transmission lines that are needed before Plant Four can be commissioned. MP filed its application in October 2013 and the MPUC determined the application was complete in your December 17, 2013 order. Our reading of the applicable statute¹ is that the MPUC must make a decision within six months after the determination that MP's application was complete. Also, the December 17, 2013 order stated that the MPUC: *"Request that the Administrative Law Judge assigned to this matter emphasize the statutory time frame within which the Commission must make a final decision on the application and strongly encourage the applicant and others to adhere to a schedule that conforms to this timeframe."* This requires a MPUC decision by June 17, 2014 at the latest.

However, it appears that timing is at risk without immediate efforts by the Department and the MPUC to expedite matters. Deputy Commissioner Grant signed a scoping decision that set the date for the environmental assessment to be completed as May 30, 2014. I have communicated with Bill Storm from the Department and Mr. Storm has committed to completing that assessment by May 5, 2014. We appreciate those efforts, yet remain concerned that if the MPUC continues with the recent practice of involving an Administrative Law Judge (ALJ) as opposed to MPUC staff for determining the adequacy of the environmental assessment and making a route recommendation after briefing it will be nearly impossible to have a decision by June 17, 2014 as required by the alternative review process under state statute. This delay is unnecessary for a transmission project of this size and type and will jeopardize MP's ability to get a new line constructed in time for when power is needed to begin Plant Four commissioning, which will in turn jeopardize the in-service date and our company's future. Magnetation asks that the MPUC and Department work together to meet the statutory timeframe, even if that means having the ALJ host the public hearing or other ways that gives the MPUC the record it needs to make a decision.

Thank you for the opportunity to provide comments and we look forward to working with the MPUC, the Department and MP to find a way to get Plant Four commissioned on the necessary schedule and adding another 160 new jobs in Itasca County. If you have any questions or would like

¹ Minnesota Statutes Section 216E.04, subdivision 7



additional information, please contact me either by telephone at (218) 259-3795 or electronically at mike.twite@magnetation.com.

Sincerely,

A handwritten signature in black ink that reads "Michael G. Twite". The signature is written in a cursive style with a prominent initial 'M'.

Michael G. Twite

Environment, Land and Government Affairs Manager

Cc: Deputy Commissioner William Grant

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Gary	Anderson	N/A	Stora Enso	Duluth Paper Mill 100 N. Central Avenue Duluth, MN 55807	Paper Service	No	OFF_SL_14-130_M-14-130
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-130_M-14-130
William	Bond	william.bond@arcelormittal.com	ArcelorMittal USA - Minorca Mine Inc.	PO Box 1 5950 Old Highway 53 Virginia, MN 55792	Electronic Service	No	OFF_SL_14-130_M-14-130
Greg	Chandler	greg.chandler@upm-kymmene.com	UPM Blandin Paper	115 SW First Street Grand Rapids, MN 55744	Paper Service	No	OFF_SL_14-130_M-14-130
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-130_M-14-130
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-130_M-14-130
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	OFF_SL_14-130_M-14-130
James	Jarvi	N/A	Minnesota Ore Operations - U S Steel	P O Box 417 Mountain Iron, MN 55768	Paper Service	No	OFF_SL_14-130_M-14-130
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-130_M-14-130
Ed	LaTendresse	N/A	Hibbing Taconite	P O Box 589 Hibbing, MN 55746	Paper Service	No	OFF_SL_14-130_M-14-130
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_14-130_M-14-130

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Patrick	Loupin	N/A	Boise Cascade Corporation	Boise Paper 400 Second Street International Falls, MN 56649	Paper Service	No	OFF_SL_14-130_M-14-130
Sarah	Manchester	N/A	Sappi Fine Paper North America	255 State St Fl 4 Boston, MA 02109-2617	Paper Service	No	OFF_SL_14-130_M-14-130
Keith	Matzdorf	keith.matzdorf@sappi.com	Sappi Fine Paper North America	PO Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	OFF_SL_14-130_M-14-130
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	OFF_SL_14-130_M-14-130
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-130_M-14-130
Tolaver	Rapp	Tolaver.Rapp@cliffsnr.com	Cliffs Natural Resources	200 Public Square Suite 3400 Cleveland, OH 441142318	Electronic Service	No	OFF_SL_14-130_M-14-130
Ralph	Riberich	rriberich@uss.com	United States Steel Corp	600 Grant St Ste 2028 Pittsburgh, PA 15219	Electronic Service	No	OFF_SL_14-130_M-14-130
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	OFF_SL_14-130_M-14-130
William	Schmidt		USG Interiors, Inc.	35 Arch Street Cloquet, MN 55720	Paper Service	No	OFF_SL_14-130_M-14-130
Joe	Scipioni		PolyMet Mining, Inc.	P.O. Box 475 County Highway 666 Hoyt Lakes, MN 55750	Paper Service	No	OFF_SL_14-130_M-14-130

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_14-130_M-14-130
Jack	Tuomi	N/A	United Taconite	P O Box 180 Eveleth, MN 55734	Paper Service	No	OFF_SL_14-130_M-14-130
Karen	Turnboom	karen.turnboom@newpage corp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	OFF_SL_14-130_M-14-130

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-805_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_13-805_Official
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_13-805_Official
Julianne	Hanson	julianne.hanson@barr.com	Barr Engineering	332 W Superior St Ste 600 Duluth, MN 55802	Electronic Service	No	OFF_SL_13-805_Official
Stacy	Kotch	Stacy.Kotch@state.mn.us	MINNESOTA DEPARTMENT OF TRANSPORTATION	395 John Ireland Blvd. St. Paul, MN 55155	Electronic Service	No	OFF_SL_13-805_Official
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_13-805_Official
Dan	McCourtney	dmccourtney@allete.com	Minnesota Power	30 West Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_13-805_Official
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_13-805_Official
Jamie	Schrenzel	jamie.schrenzel@state.mn.us	Minnesota Department of Natural Resources	500 Lafayette Road Saint Paul, MN 55117	Electronic Service	No	OFF_SL_13-805_Official