

The Commission met on **Thursday, October 14, 2021**, with Chair Sieben and Commissioners Means, Schuerger, Sullivan, and Tuma present.

The following matters were taken up by the Commission:

E-015/M-21-593

In the Matter of In the Matter of Minnesota Power's Petition for Interpretation of Terms and Conditions of Service to Verso Minnesota Wisconsin LLC

Chair Sieben moved that the Commission:

1. Find that the Commission has jurisdiction to interpret the tariffed section 3(N) of the Electric Service Agreement; and
2. Find that the tariffed section 3(N) of the ESA requires Verso to continue full minimum firm demand payments for a period of two years from the January 29, 2021, notice of invoking Section 3(N), regardless of Minnesota Power's electricity sales to a new customer at the former Verso facility.

The motion passed 5–0.

E-015/PA-20-675

In the Matter of the Petition by Minnesota Power for Approval of Land Sales.

Commissioner Tuma moved that the Commission:

1. Grant a variance to Minn. Rules, part 7825.1400, that requires filing certain information on capital structure and the issuance of securities when transferring utility property, finding that the information is not relevant to this decision because the transactions will not affect Minnesota Power's capital structure and Minnesota Power will not issue securities; the public interest will not be adversely affected; and that no other applicable law or statute will be violated by granting the variance.
2. Allow Minnesota Power to sell residential land lots surrounding its hydropower reservoirs to customers, with conditions.
3. Authorize Minnesota Power to defer all proceeds from the land sales into a regulatory liability that would be refunded (credited) to customers in either a future rate case or through the Renewable Resources Rider.
4. Allow Minnesota Power for each lot occupied by a leaseholder to offer the lot for sale at a price of 2021 payable Estimated Market Value (EMV) methodology plus four percent

(4%) during the early time frame and the most current finalized EMV after the early time frame.

- a. Early time frame: Minnesota Power shall focus on making offers to all existing leaseholders by no later than December 31, 2024. The leaseholder will have one year from the date of the offers are made to accept and close the sale.
 - b. If a leaseholder closes in this early time frame, they are entitled to receive a refund of a proportional share of their upfront lease payments negotiated with Minnesota Power as proposed by the company capped at 5% of the total EMV unless they have a contractual obligation to all of the upfront payment.
5. Require leaseholders to continue to pay a prorated portion of their lease rents through the date of closing.
 6. Allow Minnesota Power to set the value for each lot for sale on the county's most current finalized EMV throughout the leaseholder's existing lease term.
 7. For sales offers after December 31, 2024, Minnesota Power may not offer refunds for any upfront payments made by the leaseholder unless there are extraordinary circumstances or a contractual obligation to refund the payments.
 8. Require that the sale of occupied lots be negotiated no later than one year following lease termination. The earliest a lease will be terminated is 2028. If the sale does not happen in this timeframe, Minnesota Power will assume ownership of the property, including any remaining buildings and personal property, and will then sell the lot, buildings, and personal property on the open market. A fair market value for the buildings and personal property will be determined based on current EMV, and the funds for buildings and personal property delivered to the former leaseholder. Minnesota Power will retain proceeds from the portion of the land sale and proceeds will be returned to utility customers.
 9. For an occupied lot that is not sold to its current leaseholder within the permitted time frame, allow the leaseholder to arrange the sale of his or her personal property at any time during the remainder of the current lease, with the sale of the personal property conditioned on the buyer also purchasing the lot from Minnesota Power at a price equal to the then-current EMV.
 10. Permit Minnesota Power to seek variances to these requirements for specific, extraordinary circumstances.
 11. Allow Minnesota Power to sell the lots without leaseholds on the open real estate market for best possible price, but no less than the current finalized EMV.

12. Require Minnesota Power to provide annual compliance filings starting October 15, 2022, with verifiable data regarding lot sale transactions, including:
 - a. The number of offers to current leaseholders made to date as of the time of the compliance filing;
 - b. The number of offers accepted by current leaseholders;
 - c. The number of offers rejected by current leaseholders;
 - d. The number of lots listed on the open real estate market; and
 - e. The number of lots sold via the open real estate market.
13. Require Minnesota Power to provide in the annual compliance filing, its land sales tracker balance, including:
 - a. All additions to the tracker; and
 - b. All deductions to the tracker.
14. Require Minnesota Power to provide in the annual compliance filing an estimate of anticipated amount of customer benefits.
15. Direct Minnesota Power to track, at the most granular level possible, information on the costs and revenues associated with the lot sales, including a) for individual lot sales:
 - a. Sale price;
 - b. List price, if different from sale price;
 - c. Estimated Market Value (EMV) of the land at the time of sale;
 - d. EMV of buildings/structures at the time of sale;
 - e. All fees and expenses, (e.g., title fees) and itemized by type; and
 - f. Whether lot was purchased by current leaseholder.
16. Require Minnesota Power within 30 days of the order to provide a thorough description of their access road plan for the lease lots. This description should include a discussion of:

- a. How ratepayer interests are protected in any transfer of ownership or impairment of the underlying fee title; and
 - b. What will be the impacts, either positive or negative, to MP's operation and maintenance costs.
17. Require Minnesota Power within 30 days of the order to provide a thorough description of leaseholder's "upfront payment to the Company for the right to lease their lot" provisions. This description should include:
- a. The process for calculating these upfront payments for any particular slot;
 - b. When does the Company collect the upfront payments;
 - c. Was there a separate contract other than lease signed by leaseholders at the time of the up front payment and if so what is that relationship to the lease; and
 - d. Specific amounts paid for upfront payments for each of the lots that would be eligible for the Early Sales Period and what percentage it is all that lots EMV.
18. Direct Minnesota Power to disclose, in sufficient detail to determine whether they are internal costs included in base rates or external costs, all costs deducted from the tracker that are not attributable to individual lots sales.

The motion passed 5-0.

Chair Sieben moved that the Commission:

- 19. Prior to any offers being issued under this program, Minnesota Power must hold public meetings for leaseholders detailing the sales program.

The motion passed 5-0.

Commissioner Means left the meeting before this item was taken up by the Commission.

E-999/CI-19-704

In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities

Commissioner Schuerger moved that the Commission:

1. Find that Xcel Energy's March 1, 2021, filing in this docket is adequate and met the filing requirements.
2. Direct Xcel Energy to include in their next annual report in this docket to update the Commission and stakeholders when milestones in the Sherburne County Generating Station auxiliary boiler project are reached, including completion of boiler construction; approval, denial, or delay of the Air Emission Permit Amendment; decisions made by Xcel Energy and/or Liberty Paper, Inc. relating to the sources of steam used by Liberty Paper Inc.; and updates to the feasibility and use of economic commitment at Sherburne County Generating Station Unit I.
3. Find that Minnesota Power's March 1, 2021, filing in this docket for 2020 is adequate and met the filing requirements.
4. Find that Minnesota Power's February 1, 2021, updated filing of 2019 data is adequate and met the filing requirements.
5. Direct Minnesota Power to make a compliance filing within 10 days of the order in this matter to provide more information about the system strength study that Minnesota Power has commissioned a consultant to complete; this filing should include, at minimum, the request for proposal or solicitation used to select a consultant and the scope of work for the study.
6. Direct Minnesota Power to file the system strength study in this docket when completed.
7. Find that Otter Tail Power's March 1, 2021, filing in this docket is adequate and met the filing requirements.
8. Carry forward all the requirements from prior orders in Docket Nos. E-999/AA-18-373 and E-999/CI-19-704 and requires inclusion of the following in future reports:
 - a. Information on annual carbon dioxide emissions;
 - b. Reasons for unavoidable self-commit status designations;
 - c. Plant startup conditions (e.g. cold, warm, or hot);
 - d. Equivalent Forced Outage Rate (EFOR) information to be tracked over time; and
 - e. Descriptions of changes to operating procedures and physical modifications to units to ensure plants are becoming more flexible to meet upcoming challenges as applicable.

9. Direct Minnesota Power, Otter Tail Power, and Xcel Energy to develop a methodology, that is consistent to the extent possible, for splitting fuel costs such that one part depends on the MWh production (i.e. variable cost) and the other part is independent of the MWh generated (i.e. fixed cost) and update the reporting template accordingly.
10. Require the utilities to work together to develop a consistent method for estimating the best-case and worst-case potential for economic commitment for each plant.

The motion passed 4–0. (Commissioner Means left the meeting before this item was taken up by the Commission.)

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 19, 2022

A handwritten signature in black ink, appearing to read "Will Seuffert", with a long horizontal flourish extending to the right.

Will Seuffert, Executive Secretary