

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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In the Matter of Minnesota Power’s Petition
for Approval of a Transmission Cost
Recovery Rider

PUC Docket No. E015/M-24-382

In the Matter of Minnesota Power’s
Renewable Resources Rider and 2026
Renewable Factor

PUC Docket No. E015/M-25-373

In the Matter of Minnesota Power’s 2025-
2039 Integrated Resource Plan

PUC Docket No. E015/RP-25-127

LPI INITIAL COMMENT

The Large Power Intervenors (“LPI”)¹ submit this initial comment in response to the current notices of comment period (“Notice”) issued by the Minnesota Public Utilities Commission (“Commission”) on November 18, 2025, in Docket No. E015/24-382,² and on October 29, 2025, in Docket No. E015/25-373.³ LPI respectfully requests Minnesota Power (“MP” or the “Company”) supplement the record in the above-referenced dockets with information on rate-impact projections to resolve inconsistencies in the information provided in those dockets to date, as well as the information included in the Company’s most recent rate case.

¹ LPI is an ad hoc consortium of Large Power and Large Light and Power customers of Minnesota Power consisting for purposes of this filing of Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Cleveland-Cliffs 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.

² *In the Matter of Minnesota Power’s Petition for Approval of a Transmission Cost Recovery Rider*, Docket No. E015/M-24-382, Notice of Extended Comment Period (Nov. 18, 2025) (establishing December 1, 2025, as the deadline for initial comments).

³ *In the Matter of Minnesota Power’s Renewable Resources Rider and 2026 Renewable Factor*, Docket No. E015/M-25-373, Notice of Extended Comment Period (Oct. 29, 2025) (establishing December 1, 2025, as the deadline for initial comments).

I. INTRODUCTION

The Company has filed petitions in three dockets that will impact rates for its customers: its Integrated Resource Plan (“IRP”) (Docket No. E015/RP-25-127), its Renewable Resource Rider (“RRR”) docket (Docket No. E015/M-25-373), and its Transmission Cost Recovery (“TCR”) Rider docket (Docket No. E015/24-382). In each docket, MP projects that certain capital investments will necessitate rate increases to recover costs either through base rates or riders. LPI is concerned that there are inconsistencies on cost impact projections between the IRP, RRR, and TCR, as to the current and forecasted average cost of electric energy. Although LPI does not submit this comment in opposition to the projections, LPI is compelled to comment on the ever-increasing costs, and raise awareness of the varying cost estimates, for MP and the Commission’s attention. LPI respectfully requests MP address these discrepancies in its reply comment in the RRR and TCR Rider dockets, and also provide corrected information in its “Clean Firm Plan” filing in the IRP on January 15, 2026, to provide parties with the most accurate all-in cost estimate information as the Commission deliberates the Company’s resource planning for the next 15 years.

II. ANALYSIS

A. Background

Minnesota Power filed an IRP for 2025 to 2039 on March 3, 2025 (“IRP Petition”),⁴ in which it projected its energy and infrastructure needs over the next 15 years, including renewable resource and transmission projects required to comply with the Carbon-Free Standard. MP’s IRP includes the projected costs, by rate class, to carry out its IRP. Concurrently to its IRP filing, MP was undergoing a proceeding wherein ALLETE, Inc. (“ALLETE,” in which the Company is an operating division) sought to be acquired by two private equity investors. As part of the Commission’s approval of ALLETE’s acquisition, the Commission directed Minnesota Power to file an alternative resource plan scenario, its “Clean Firm Plan,” in its IRP docket by January 15,

⁴ *In the Matter of Minnesota Power’s Application for Approval of its 2025-2039 Integrated Resource Plan*, Docket No. E015/RP-25-127, MP IRP Initial Filing, (Mar. 3, 2025) (eDocket No. 20253-215986-11) (“MP IRP Petition”).

2026.⁵ As described by MP, the Clean Firm Plan was to account for modifications made in Docket No. 24-198 and account for the Carbon-Free Standard in what it asserts is a cost-effective manner. Additionally, the Clean Firm Plan would:

- i. Contemplate replacement and/or surplus use of the Boswell interconnection to achieve a lower emission scenario using the externality values that were updated in Docket No. E-999/CI-14-643;
- ii. Minimize the size and capacity factor of natural gas resources added to minimize the risk of stranded assets for Minnesota Power customers, and
- iii. Include clean firm capacity to be funded by the \$50 million Clean Firm Fund commitment. The filing shall include details on how Minnesota Power plans to use the Fund including the size and type of the resource(s) to be developed, why the proposed resources are the best use of this Fund, in-service date(s) for proposed resources, and additional funding or financing sources being pursued, as applicable.⁶

As part of that directive, the Commission suspended the initial comment period in the Company's IRP docket to allow the Company time to develop and produce information and analyses for the Clean Firm Plan and allow parties sufficient time to review the information MP produced.⁷

Since filing its IRP Petition, MP has also filed two petitions seeking to update its TCR Rider and RRR. On review of the cost estimates for ratepayers provided in each docket, LPI observes a couple material discrepancies that require clarification, and which would be best addressed by MP in reply comments in the TCR Rider and RRR dockets and its Clean Firm Plan filing.

⁵ *In the Matter of Minnesota Power's 2025-2039 Integrated Resource Plan*, Docket No. E015/RP-25-127, Notice of Suspended Comment Period (Oct. 16, 2025) (eDocket No. 202510-224019-01) ("Notice Suspending IRP Comment Period").

⁶ *In the Matter of the Petition of Minnesota Power for Acquisition of ALLETE by Canada Pension Plan Investment Board and Global Infrastructure Partners*, MPUC Docket Nos. E015/PA-24-198, Updated Stipulation: Conditions of Acquisition and Preferred Decision Options: Attachment A at 3-4 (Sep. 24, 2025) (eDocket No. 20259-223275-01).

⁷ Notice Suspending IRP Comment Period at 1.

B. MP Provides Inconsistent Cost Impact Estimates in its IRP and Rider Petitions

1. Docket No. 25-373 – Renewable Resource Rider

On October 1, 2025, MP filed its petition to update its RRR (“RRR Petition”). MP’s RRR enables recovery of investments and expenditures incurred for approved renewable resource projects. In its 2026 RRR petition, MP requests Commission approval to update its cost recovery through the RRR to: (1) include the annual true-up of actual production tax credits; (2) recover costs related to its Boswell Solar Project and the Boswell Interconnector; and (3) recover costs related to its Regal Solar Project, for a total requested recoverable Net Retail revenue requirement for the 2026 Renewable Resources Rider of \$54.1 million (consisting of the 2025 projected tracker balance of \$11.3 million and the projected 2026 revenue requirements of \$42.8 million).⁸ The table below, which is Table 7 from the RRR Petition, sets for the present average rate and increases for the various customer classes, including Large Power (“LP”) and Large Light and Power (“LLP”). Both LLP and LP customers will see an increase in excess of 5%—5.03% and 5.60%, respectively.

⁸ RRR Initial Petition at 21.

Table 1– Estimated Customer Impact (MP RRR Petition).⁹

Table 7 - Estimated Customer Impact

<u>Rate Class Impacts /1</u>	<u>SES-Paying Customers</u>	<u>SES-Exempt Customers /3</u>
Residential (average current rate, cents/kWh)	15.196	
Increase/(Decrease) (cents/kWh) /2	0.585	
Increase/(Decrease) (%)	3.85%	
Average Impact (\$ / month)	\$4.02	
General Service (average current rate, cents/kWh)	15.114	15.054
Increase/(Decrease) (cents/kWh) /2	0.585	0.585
Increase/(Decrease) (%)	3.87%	3.89%
Average Impact (\$ / month)	\$14.77	\$46.55
Large Light & Power (average current rate, cents/kWh)	11.642	11.593
Increase/(Decrease) (cents/kWh) /2	0.585	0.585
Increase/(Decrease) (%)	5.03%	5.05%
Average Impact (\$ / month)	\$1,367	\$2,119
Large Power (average current rate, cents/kWh)		8.970
Increase (Demand & Energy Combined) (cents/kWh) /2		0.503
Increase/(Decrease) (%)		5.60%
Average Impact (\$ / month)		\$217,352
Lighting (average current rate, cents/kWh)	45.739	
Increase/(Decrease) (cents/kWh) /2	0.585	
Increase/(Decrease) (%)	1.28%	
Average Impact (\$ / month)	\$0.76	

Notes:

1/ Average current rates are 2024 Final General base rates without riders per MPUC decision (E-015/GR-23-155) adjusted to include current rider rates. Current rider rates included Renewable Resources Rider rates, Solar Adjustment rates, Conservation Program Adjustment rates, and Fuel and Purchased Energy with True-Up. RRR Cost Recovery rates are new expected 2026 rates. Average \$/month impact based on 2026

2/ Increase shown is the rate increase of proposed 2026 RRR Factors compared to existing in-place 2024 RRR Factors.

3/ Due to different Solar Renewable billing factors included in General Service and Large Light & Power current average rates, both of the SES-Paying and SES-Exempt impacts are shown here for clarity.

2. Docket No. 24-382 – TCR Rider

On August 19, 2025, the Company filed its Petition to update its TCR Rider (“TCR Petition”). The TCR Rider is an approved tariff mechanism for the timely recovery of costs associated with new transmission facilities that have been approved by the Commission under

⁹ RRR Initial Petition at 27.

Minn. Stat. §§ 216B.243 or 216B.2425 through automatic annual adjustments.¹⁰ MP’s 2025 TCR Petition seeks recovery of: (1) costs related to its High Voltage Direct Current (“HVDC”) Modernization Project; (2) “costs net of revenues of transmission facilities that the Commission has approved under section 216B.243 or has certified or deemed to be certified under section 216B.2425;” and (3) charges incurred under the Midcontinent Independent System Operator tariff for other transmission owners’ regionally planned transmission facilities that will benefit the Company and the integrated transmission system.¹¹

MP estimates the 2025 TCR factors it proposes will increase an average of about 93 percent from the 2024 TCR Factors. The table below, which is Table 8 from the TCR Petition, sets forth the present average rate and increases for the various customer classes, including LLP and LP customers. LLP customers are projected to experience a roughly 1% increase and LP customers will see an increase exceeding 1.5%.

¹⁰ In addition, Minn. Stat. § 216B.16, subd. 7b(d) specifically provides for the Commission to approve the annual rate adjustments upon receipt of a filing for a rate adjustment pursuant to the tariff established in Minn. Stat. § 216B.16, subd. 7b(b), and thorough review of the associated costs and achieved transmission system improvements. Minn. Stat. § 216B.16, subd. 7b was amended in 2008 to also allow utilities timely recovery of charges for new transmission.

¹¹ TCR Petition at 3-4. This (3) charge includes: “new transmission facilities approved by the regulatory commission of the state in which the facilities are being constructed that MISO has determined to benefit Minnesota Power or the integrated transmission system.” TCR Petition at 4.

Table 2– Estimated Customer Impact (TCR Petition).¹²

Table 8 - Estimated Customer Impact

Rate Class Impacts ^{1/}	SES-Paying Customers	SES-Exempt Customers
Residential		
Average Rate (¢/kWh)	14.961	
Increase (¢/kWh)	0.110	
Increase (%)	0.74%	
Average Impact (\$/month)	\$0.76	
General Service		
Average Rate (¢/kWh)	15.005	14.899
Increase (¢/kWh)	0.110	0.110
Increase (%)	0.73%	0.74%
Average Impact (\$/month)	\$2.80	\$12.45
Large Light & Power		
Average Rate (¢/kWh)	11.586	11.434
Increase (¢/kWh)	0.110	0.110
Increase (%)	0.95%	0.96%
Average Impact (\$/month)	\$254.98	\$485.40
Large Power		
Average Rate (¢/kWh)		8.937
Increase (demand + energy combined) (¢/kWh)		0.137
Increase (%)		1.53%
Average Impact (\$/month)		\$67,829
Lighting		
Average Rate (¢/kWh)	45.778	
Increase (¢/kWh)	0.110	
Increase (%)	0.24%	
Average Impact (\$/month)	\$0.14	

Notes:

^{1/} Average class rates are draft Final General Rates without riders per MPUC October 24, 2024 decision (E015/GR-23-155) adjusted to include current rider rates. Current rider rates include the Transmission Cost Recovery Rider rates, Renewable Resources Rider rates, Solar Renewable adjustment rates, Conservation Program Adjustment rates, expected Capacity Revenue and Expense adjustment, Solar Energy adjustment, and 2025 Fuel and Purchased Energy Adjustment with True-Up. The average increase (¢/kWh) shown above is the incremental decrease of the proposed 2025 factors compared to the existing in-place 2024 TCR factors. Due to different Solar Renewable billing factors included in General Service, Large Light & Power average rates, both the SES-Paying and SES-Exempt Customers' impacts are shown here for clarity.

3. Docket No. 25-127 – MP IRP Filing

Finally, MP's IRP Petition provides an estimated cost impact across rate classes in its Appendix L (see the table below, which is Table 1 of Appendix L to the IRP).¹³ Table 3 reports for 2026, LLP and LP customers will experience increases of roughly 1.8%, which is less than half of the projected increase for the RRR alone.

¹² TCR Petition at 52.

¹³ *In the Matter of Minnesota Power's Application for Approval of its 2025-2039 Integrated Resource Plan*, Docket No. E015/RP-25-127, MP IRP Initial Filing – Appendix L at 2 (Mar. 3, 2025) (eDocket No. 20253-215986-02) ("MP IRP Appendix L").

Table 3 – Estimated Average Rate Impacts of 2025 (MP IRP Appendix L).¹⁴

Table 1. Estimated Average Rate Impacts of 2025 Plan Relative to 2025 Projected Base Rates

Rate Class Impacts ⁹	2026	2027	2028	2029	2026 – 2029 CAGR
Residential (average rate, cents/kWh)	14.961	14.961	14.961	14.961	
Increase (cents/kWh)	0.277	1.058	1.839	1.472	
Increase (%)	1.85%	7.07%	12.29%	9.84%	2.37%
Average Impact (\$ / month)	\$1.90	\$7.24	\$12.64	\$10.10	
General Service (average rate, cents/kWh)	15.005	15.005	15.005	15.005	
Increase (cents/kWh)	0.278	1.060	1.844	1.475	
Increase (%)	1.85%	7.07%	12.29%	9.83%	2.37%
Average Impact (\$ / month)	\$6.95	\$26.41	\$45.97	\$36.40	
Large Light & Power (average rate, cents/kWh)	11.584	11.584	11.584	11.584	
Increase (cents/kWh)	0.218	0.823	1.429	1.146	
Increase (%)	1.88%	7.11%	12.33%	9.89%	2.39%
Average Impact (\$ / month)	\$437.78	\$1,616.59	\$2,756.65	\$2,147.10	
Large Power (average rate, cents/kWh)	8.937	8.937	8.937	8.937	
Increase (cents/kWh)	0.160	0.634	1.109	0.885	
Increase (%)	1.80%	7.09%	12.41%	9.90%	2.39%
Average Impact (\$ / month)	\$94,071	\$371,582	\$600,104	\$489,207	
Lighting (average rate, cents/kWh)	45.778	45.778	45.778	45.778	
Increase (cents/kWh)	0.779	3.034	5.388	4.362	
Increase (%)	1.70%	6.63%	11.77%	9.53%	2.30%
Average Impact (\$ / month)	\$1.08	\$4.19	\$7.43	\$5.97	
Average Weighted Increase (cents/kWh)	0.192	0.746	1.298	1.035	
Avg Weighted Increase (%)	1.82%	7.09%	12.33%	9.82%	2.37%

C. The Discrepancy in Estimates Across Filings is Significant and Needs Correction

Appendix L to MP’s initial IRP Filing asserts that it provides estimated rate impacts of MP’s power supply plan for the next five years, which it refers to as the “5 Year Power Supply Plan.”¹⁵ According to MP, the 5 Year Power Supply Plan includes “actions from the prior approved IRPs and the recommended plan in the 2025 IRP.”¹⁶ MP states that it calculates the estimated rate impacts by customer class relative to its 2025 Base Rates, which use MP’s 2024 test year rate as a starting point. The 2024 test year base rates include the estimated average rates

¹⁴ MP IRP Appendix L at 3.

¹⁵ MP IRP Appendix L at 1.

¹⁶ MP IRP Appendix L at 1.

customers will pay in 2025 for Minnesota Power's RRR, TCR Rider, and the Capacity Revenue and Expense Adjustment.¹⁷ Thus, MP's cost estimates across all three dockets inform each other and are intertwined such that discrepancies across the estimates may impact and obfuscate the actual cost implications for customers. Across all three filings, LPI observes inconsistencies in the reported rate increases for Large Power customers, both with respect to the starting point and with respect to the projections.

1. MP Appears to be Understating the Current Rate

MP's average current rate across these three dockets is inconsistent. For example, MP asserts that the average current rate for LP customers is \$89.37/MWh in the IRP and TCR Petition, but asserts it is \$89.70/MWh in the RRR Petition.¹⁸ Similarly, MP asserts that the average current rate for LLP customers is \$115.84/MWh in the IRP, and ranging from \$114.34-115.86/MWh in the TCR Petition and ranging from \$115.93-\$116.42/MWh in the RRR Petition.¹⁹ These inconsistencies in starting points for the year 2026 are even more concerning given Minnesota Power's interim-rate refund compliance filing that it submitted on December 20, 2024, in MP's most recent rate case docket. There, the Company projected that, from the Commission's decision, all-in rates with riders would be \$104.82/MWh for LP customers²⁰ and \$120.73/MWh for LLP customers.²¹ Both of these figures as of MP's rate case compliance filing are dramatically below what MP has put in the IRP, TCR Petition and RRR Petition. LPI respectfully asserts this discrepancy needs clarification.

2. MP Appears to be Understating Rate Projections

In addition to the inconsistent starting point for current rates, LPI cannot reconcile the increases projected in MP's IRP with the information contained in the TCR Petition and RRR Petition. For example, LPI fails to understand how LLP and LP customers will experience

¹⁷ MP IRP Appendix L at 2.

¹⁸ See Tables 1, 2, and 3, *supra* notes 10, 15, 17.

¹⁹ See Tables 1, 2, and 3, *supra* notes 10, 15, 17.

²⁰ *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E015/GR-23-155, Compliance Filing, Schedule 11 at 8 (December 20, 2024) (\$503,984,611/4,808,170 MWh = \$104.82/MWh).

²¹ *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E015/GR-23-155, Compliance Filing, Schedule 11 at 6 (December 20, 2024) (\$137,575,110/1,139,554 MWh = \$120.73/MWh).

increases of roughly 1.8% in 2026 according to the IRP, while at the same time see increases from 6% to 7% in just the TCR and RRR dockets. LPI respectfully asserts this discrepancy also requires clarification.

III. CONCLUSION

For the reasons LPI describes above, LPI respectfully requests the Company undertake the following work to resolve the discrepancies identified above:

- Update its cost impact projections in its reply comments in the TCR Rider and RRR dockets.
- Updated table (i.e., Table 1 from Appendix L to the IRP) in its Clean Firm Plan filing in the pending IRP docket with the following information:
 - A current and accurate starting point for 2026 average rates for each of the customer classes; and
 - A current and accurate projection of all-in rate increases each customer class is projected to experience over the 2026-2029 timeframe.

LPI believes this information is critical so that all stakeholders may understand and analyze the rate implications of MP's multiple proposals and assist the Commission's decision-making process. As such, LPI respectfully requests MP address these discrepancies in its reply comment in the RRR and TCR Rider dockets and provide corrected information in its "Clean Firm Plan" filing in the IRP by January 15, 2026.

DATED: December 1, 2025

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