



Becker ♦ Cohasset ♦ Granite Falls ♦ Hoyt Lakes ♦ Monticello ♦ Oak Park Heights ♦ Red Wing

August 29, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

Re: Reply Comments of the Coalition of Utility Cities on Minnesota Power’s Integrated Resource Plan, Docket No. E015/RP-21-33

These reply comments are respectfully submitted in response to Minnesota Power’s Integrated Resource Plan (“IRP”). The Coalition of Utility Cities (“CUC”) is an organization of seven cities that host some of the state’s largest remaining, investor-owned coal, nuclear, and natural gas plants. For nearly 25 years, our communities have worked collaboratively with one another as well as state policymakers to ensure that the unique challenges faced by host communities are understood by key decision makers at the Capitol. For decades, the most impactful decisions were those made by the legislature or state agencies regarding the tax value of the plants as they operate. However, as the City of Cohasset’s (“City”) participation in this process makes clear, the decision in front of the Commission in this IRP far exceeds those and will be the most impactful thing that happens to the City of Cohasset for generations to come.

The City of Cohasset’s reply comments dated August 26, 2022 are some of the most comprehensive that any local government has filed in a resource planning docket to lay out the specific impacts that a plant retirement decision will have on a community. As an organization, we file these comments to echo the voice of the City of Cohasset. The impacts outlined in the City’s comments are real and many of them unavoidable.

Because Minnesota Power’s preferred plan successfully strikes a balance between the interests of host communities, workers, ratepayers, and environmental impacts, CUC urges the commission to approve it.

Minnesota is on the right track but the work toward a just transition needs to continue

Along with the City of Cohasset, the Coalition of Utility Cities has participated in numerous efforts in recent years to help host communities understand and prepare for the full impacts of plant retirement. The CUC and its member cities crafted and advocated for the creation of the Energy Transition Office, and successfully pushed for passage of the Community Energy Transition Grant Program. We are now working every day to ensure that the Energy Transition Office and Energy Transition Advisory Committee created by the state are as effective as possible in supporting our transition. We have also been active in the recent Midwestern Governors Association initiative, CEE’s community impact study, Minnesota Power’s stakeholder process in this IRP, and others, such as the Minnesota Business Vitality Council’s sprint report.

In other words, we feel confident saying that no one has worked harder to push the State of Minnesota to support communities and workers through the coming transition than the Coalition of Utility Cities and the leaders in its individual member cities. We continue to push for major building blocks of a successful

transition, such as tax base transition aid. This legislation is the most impactful thing the state could do to support host communities. It was considered by the legislature and a version of which was included in the final version of the 2022 tax bill, but the legislature never passed that bill.

The State's work so far is seriously appreciated, but more time is needed for some of these ideas to be passed by the legislature and for others to be implemented by communities and the state. Until those steps are taken, Minnesota is a leader in generating ideas but not yet a leader in carrying them out.

Transitioning takes time

The City's comments go into granular detail about some of the individual economic development projects that will play a role in the City's transition. Each of those projects demonstrate specifically why the timing of plant retirement directly impacts city finances and the success of individual projects. It is incredibly important that the City have sufficient time to work through these projects and have as much time as possible to realize the full tax benefit of these projects as Boswell units 3 and 4 come offline.

That said, the projects the City is working on today are only a small piece of the puzzle in the city's transition. Despite being some of the most ambitious in the City's history, and the most ambitious in the region, the City's active projects will still not fully replace Boswell, and it is possible that nothing will. In Cohasset's case, by approving Minnesota Power's preferred plan, it is possible to give the City time to hopefully bring the current crop of opportunities to fruition, but also to hopefully work on a next round of projects.

It is not just when the plants will retire that matter to transition success. It also matters that communities receive certainty around those retirement dates as soon as possible, and that those dates do not change out from under a community once set. Many of the tools available to cities to invest in or spur economic growth, such as Tax Increment Financing¹ or abatement,² require the city to forego revenues in the short-term in order to enable long-term growth. For cities to make responsible decisions to use these important tools, it is essential that we have a solid sense of what those decisions will mean for fiscal futures of our communities.

Minnesota Power's Preferred Plan

Minnesota Power's preferred plan strikes a delicate balance. The company's progress toward carbon free generation on its system is something to be celebrated. The company's preferred plan continues that progress, but also recognizes that the final steps in the transition away from coal will have the biggest toll on host communities and workers.

Throughout the company's IRP stakeholder input process and through their work directly with the City of Cohasset, Minnesota Power has demonstrated a level of thoughtfulness and collaboration that is necessary from any utility to make such a massive transition while minimizing the negative impacts. The company continues to invest in collaborative efforts to support host communities and others throughout its service territory. This is also reflected in the comments in this docket from the City of Hoyt Lakes, highlighting a solar project near the Laskin Energy Center and referring to the company's economic development efforts.

¹ "How TIF Works: Basic Mechanics," Minnesota House of Representatives, <https://www.house.leg.state.mn.us/hrd/issinfo/tif/mech.aspx>

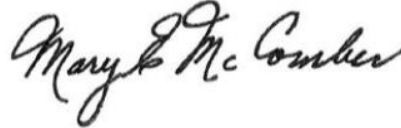
² Minnesota House of Representatives, House Research Department, *Property Tax Abatements for Economic Development*, September 2018. <https://www.house.leg.state.mn.us/hrd/pubs/ss/ssptabt.pdf>

The CUC looks forward to continuing our collaboration with Minnesota Power and requests that the Commission approve the company's preferred plan, so that we can continue that work with realistic and certain timelines.

Sincerely,



Max Peters
Director of Operations/Finance Director
City of Cohasset
President, Coalition of Utility Cities.



Mayor Mary McComber
City of Oak Park Heights
Vice President, Coalition of Utility Cities
Member, MN Energy Transition Advisory Committee



Marshall Hallock
Administrative Business Director
City of Red Wing
Chair, MN Energy Transition Advisory Committee
Secretary/Treasurer, Coalition of Utility Cities