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November 19, 2025

VIA E-FILING
Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of Establishing Tariffs for
Distribution Cost Sharing for Interconnection
In Constrained Areas
Docket No. E015/CI-24-288
REPLY COMMENTS

Dear Ms. Bergman:

In accordance with the Minnesota Public Utilities Commission's October 2, 2025 Notice of Extended Comment Period, Minnesota Power hereby submits its Reply Comments in the above referenced matter. If you have any questions regarding this filing, please contact me at (218) 355-3082 or cvatalaro@allete.com.

Respectfully,

Claire Vatalaro

Claire Vatalaro
Public Policy Advisor

CMRV:ah
Attach.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Establishing Tariffs For Distribution Cost Sharing for Interconnection in Constrained Areas	Docket No. E015/CI-24-288 **REPLY COMMENTS**

I. INTRODUCTION

On August 30, 2024, the Minnesota Public Utilities Commission ("Commission") initiated this proceeding to establish by order generic standards for the sharing of utility costs necessary to upgrade a utility's distribution system by increasing hosting capacity or applying other necessary distribution system upgrades at a congested or constrained location in compliance with Minnesota Session Laws – 2024, Regular Session, CHAPTER 126 – S.F.No. 4292, Article 6, Section 53.1. The Commission issued a notice soliciting stakeholder members on September 26, 2024, and Minnesota Power (or, "Company") submitted its letter of request to participate in the work group on October 16, 2024.

Following a series of workgroup meetings throughout 2025, the workgroup submitted draft standards to the Commission in September of 2025. On September 26, 2025, the Commission issued a Notice of Comment Period ("Notice") to discuss what generic standards the Commission should adopt for the Distribution System Reactive Upgrades Process ("DSRUP"). On October 3, 2025, the Commission extended the comment period, with an initial comments deadline of November 7 and reply comment deadline of November 19. In the following section, Minnesota Power presents to the Commission its responses to recommendations made in initial comments.

II. Response to Initial Comments

Stakeholders provided a range of recommendations aimed at balancing cost-sharing among developers, utilities, and ratepayers. Several parties, including the Minnesota Department of Commerce ("Department") and the Office of the Attorney General's Residential Utilities Division ("OAG"), proposed capping developer liability at 125 percent of the initial upgrade estimate. While these suggestions seek to provide predictability for developers, Minnesota Power is concerned about the potential impact on customers. For example, if an upgrade initially estimated at $1 million ultimately costs $1.6 million due to inflation or unforeseen engineering challenges, the proposed cap would leave $350,000 unassigned—creating pressure to absorb costs elsewhere, likely through ratepayer increases. Over a 10-year payback period, this could translate into significant cumulative impacts on customer bills, particularly if multiple projects encounter similar overruns.

Minnesota Power also notes that the longer the timeline remains open, the less practical the 125 percent threshold becomes. Inflation alone could erode the accuracy of early estimates, and unexpected factors—such as supply chain disruptions or regulatory changes—could further widen the gap. To mitigate these risks, the Company recommends implementing a cost review every two years. This approach would allow for adjustments based on actual conditions rather than locking in assumptions that may become outdated.

On the issue of ratepayer protections, some stakeholders proposed annual cost caps. Minnesota Power supports the concept but recommends that any cap be tied to a percentage of the utility's forecasted five-year distribution capital budget from its most recent Integrated Distribution Plan, rather than adopting fixed utility-specific limits. For example, if the five-year average distribution capital budget is $50 million, a 2 percent cap would limit annual ratepayer exposure to $1 million—providing a clear, scalable safeguard without imposing rigid constraints that could hinder system reliability.

Finally, comments from the Minnesota Solar Energy Industries Association ("MnSEIA") emphasized the importance of small-scale distributed energy resources and suggested leveraging a dedicated cost-sharing fund similar to Xcel Energy's approach. While Minnesota Power values this perspective, it does not maintain a comparable funding pool and approaches cost-sharing from a broader system perspective. For this reason, the Company does not support applying small distributed energy resource ("DER")-specific funding mechanisms in this context.

III. CONCLUSION

Minnesota Power values the opportunity to participate in this workgroup and appreciates the collaborative efforts of all stakeholders. The Company remains committed to advancing this important proceeding - but believes that further discussion and analysis through the workgroup would help ensure well-informed, balanced standards for all.

For any questions regarding this filing, please contact me at cvatalaro@allete.com or 218-355-3082.

Dated: November 19, 2025

Respectfully submitted,

Claire Vatalaro

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STATE OF MINNESOTA)
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COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA ELECTRONIC FILING

I, Amy M. Honkala of the City of Duluth, County of St. Louis, State of Minnesota, hereby certify that on the 19th day of November, 2025, I electronically filed a true and correct copy of Minnesota Power's **Reply Comments in Docket No. E015/CI-24-288** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on eDocket's Official Service List for this Docket were served as requested.

Amy M. Honkala

Amy M. Honkala