



August 31, 2020

VIA E-FILING

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of Minnesota Power's Revised Petition for a Competitive Rate for Energy Intensive Trade Exposed (EITE) Customers and an EITE Cost Recovery Rider

Docket No. E015/M-16-564

In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota

Docket No. E015/GR-19-442

In the Matter of the Emergency Petition of Minnesota Power for Approval to Move Asset-based Wholesale Sales Credits to the Fuel Adjustment Clause Resolve Rate Case

Docket No. E015/M-20-429

In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic

Docket No. E,G999/CI-20-492

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

Docket No. E015/PA-20-675

Dear Mr. Seuffert:

Minnesota Power (or, "the Company") has moved further and faster than any other utility in the state towards a cleaner energy system, reducing carbon fifty percent since 2005 when the Company's resource mix was ninety-five percent coal-based generation by idling or retiring seven of its nine coal units. After meeting Minnesota's Renewable Energy Standard of twenty-five percent renewable a decade early in 2015, Minnesota Power will be delivering a power supply that is fifty percent renewable by 2021. The Company is decarbonizing its portfolio with meaningful renewable additions (over 500 MW) of solar, wind and hydro.

As unique as Minnesota Power is in its transformation to a cleaner energy system, it is also distinctive in terms of the customers it serves. Minnesota Power, serving the natural resources based economy of northern Minnesota, provides power to some of the

nation's largest industrial customers. These customers operate 24/7 and require reliable and affordable power to compete in their respective global markets. The Company's large industrial customers represent nearly three-quarters of all Minnesota Power's energy sales, unlike more traditional utilities whose industrial customers represent around one-quarter of energy sales. These large users have helped to create an extremely efficient power system, which currently operates at an 85 percent load factor and generates savings for all customers. In fact, Minnesota Power's typical residential customer currently enjoys the lowest residential electric rates in the state.

However, these large energy users continue to experience price pressures in their respective industries and must look at all ways to ensure electricity supply is an affordable input to their operations, particularly in a challenged economic environment like a recession. Through a series of filings in dockets referenced above, Minnesota Power is proposing innovative ways to mitigate rate increases for each of its customer classes at a time when energy affordability is most needed as industries and residents alike attempt to recover from the economic effects of the COVID-19 pandemic. As of the date of this petition, two of Minnesota Power's key large industrial customers remain indefinitely idled – Keewatin Taconite and Verso's Duluth Mill. For context, those two customers used approximately the same amount of energy as Minnesota Power's entire residential customer class in 2019.

Through a series of filings, Minnesota Power will propose an extension of the Energy Intensive Trade Exposed ("EITE") rate from February 1, 2021 until final rates are implemented in the Company's next rate case, expected to be filed no later than November 1, 2021. As an additional and meaningful rate mitigation effort for all customers, the Company will also request approval to begin selling land holdings along traditional hydro reservoirs that are no longer necessary for maintaining hydro operations. Finally, through an update in the Economic Recovery Docket, the Company will outline several new ideas that can be brought forward in either future dockets or the next rate case to further mitigate customer rates. Taken together, these three filings represent Minnesota Power's comprehensive strategy to ensure affordable energy rates for all customers.

Feel free to contact me at (218) 355-3202 or jjpeterson@mnpower.com with any further questions.

Respectfully,



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**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

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

Docket No. E015/PA-20-675

PETITION FOR APPROVAL

SUMMARY OF FILING

As the economic repercussions of the COVID-19 pandemic continue to affect all customers at the same time Minnesota Power (or “the Company”) executes its *EnergyForward* vision for a cleaner energy future, efforts to ensure the affordability of electricity must be paired with ongoing decarbonization strategies. As one strategy to help ensure energy affordability for all customers, Minnesota Power requests approval to sell certain residential lease lots for which Company ownership is no longer required to continue operating Minnesota Power’s hydropower reservoirs, with proceeds going back to customers to mitigate rate increases. Sale of the Minnesota Power residential lease lots around hydropower reservoirs complements the Company’s goal of reducing non-core land holdings for the benefit of utility customers. Minnesota Power submits this Petition to the Minnesota Public Utilities Commission (“Commission”) pursuant to Minn. Stat. §§ 216B.16, 216B.1696 and 216B.50. Through this petition, Minnesota Power is seeking Commission approval of the following:

- Approval to offer residential land lots for sale in fee title after receiving all necessary approvals and refinements.
- Approval to set the baseline value of each lot on the county’s Estimated Market Value (“EMV”) methodology.
- Approval to defer all proceeds from land sales into a regulatory liability that would be returned to customers in either a future rate case or through the Renewable Resources Rider.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

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

Docket No. E015/PA-20-675

PETITION FOR APPROVAL

I. INTRODUCTION

Minnesota Power (or, “the Company”) has moved further and faster than any other utility in the state towards a cleaner energy system, reducing carbon fifty percent since 2005. Minnesota Power has accomplished this by idling or retiring seven of its nine coal units, with only Boswell Energy Center Units 3 and 4 remaining as baseload resources. Today, Minnesota Power met Minnesota’s Renewable Energy Standard of twenty-five percent renewable a decade early in 2015, and will be delivering a power supply that will be fifty percent renewable in 2021. However, balancing affordability of electric rates with continued decarbonization efforts, especially amidst a global pandemic and recession requires new rate mitigation solutions.

As unique as Minnesota Power is in its transformation to a cleaner energy system, it is also distinctive in terms of the customers it serves. Minnesota Power, serving the natural resources based economy of northern Minnesota, provides power to some of the nation’s largest industrial customers. These customers operate 24/7 and require reliable and affordable power to compete in their respective global markets. The Company’s large industrial customers represent a super-majority of all Minnesota Power’s energy sales, consuming nearly three-quarters of all retail energy sold, unlike more traditional utilities whose industrial customers represent around one-quarter of energy sales. These large users have helped to create an extremely efficient power system, which currently operates at an 85 percent load factor and creates savings for all customers. In fact, Minnesota Power’s average residential customer currently enjoys the lowest residential electric rates in the state.

However, these large energy users continue to experience price pressures in their respective industries and must look at all ways to ensure electricity supply is an affordable input to their operations. Through a series of filings in dockets referenced above, Minnesota Power is proposing innovative ways to mitigate rate increases for all customers at a time when it is most needed, as customers in all classes attempt to recover from the economic effects of the COVID-19 pandemic and recession. As of the date of this petition, two key large industrial customers remain indefinitely idled – Keewatin Taconite and Verso’s Duluth Mill. For context, those two customers used as much energy as Minnesota Power’s entire residential customer class.

Through this petition, Minnesota Power will request approval to begin selling land holdings along hydro reservoirs for which ownership is no longer required to maintain operations, along with requesting guidance on land valuation and the ability to defer proceeds from approved land sales into a regulatory liability that would be returned to customers in a future rate case or through the Renewable Resources Rider.

II. PROCEDURAL MATTERS

A. General Filing Information

Pursuant to Minn. Stat. § 216B.16, subd. 1 and Minn. Rule 7829.1300, Minnesota Power provides the following required general filing information.

1. Summary of Filing (Minn. Rule 7829.1300, subp.1)

A one-paragraph summary accompanies this Petition.

2 Service on Other Parties (Minn. Rule 7829.1300, subp. 2)

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rule 7829.1300, subp. 2, Minnesota Power eFiles the Petition on the Department of Commerce - Division of Energy Resources (“the Department”) and the Minnesota Office of the Attorney General - Antitrust and Utilities Division. A summary of the filing prepared in accordance with Minn. Rule 7829.1300, subp. 1 is being served on Minnesota Power’s general service list.

3. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))

Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 722-2641

4. Name, Address and Telephone Number of Utility Attorney (Minn. Rule 7829.1300, subp. 4(B))

David R. Moeller
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dmoeller@allete.com

5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))

This Petition is being filed on August 31, 2020. The effective date is the date of the Commission’s Order or such other date as directed in the Commission’s Order.

6. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp. 4(D))

This Petition is made in accordance with Minn. Stat. § 216B.05 and no statutorily imposed time frame for a Commission decision applies to this filing. Minn. Rule 7825.3200 requires that utilities serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. Furthermore, Minnesota Power’s Petition falls within the definition of a

“Miscellaneous Tariff Filing” under Minn. Rules 7829.0100, subp. 11 and 7829.1400, subp. 1 and 4 permitting comments in response to a miscellaneous filing to be filed within 30 days, and reply comments to be filed no later than 10 days thereafter.

7. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))

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8. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 4(F))

This filing will have no effect on Minnesota Power’s base rates.

9. Service List (Minn. Rule 7829.0700)

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III. APPROVAL TO BEGIN LAND SALES

As the economic repercussions of the COVID-19 pandemic continue to affect all customers at the same time the Company executes its *EnergyForward* vision for a cleaner energy future, affordability of electricity must be paired with decarbonization efforts. As an effort to ensure energy affordability for all customers, Minnesota Power requests approval to sell residential lease lots at the Company's hydropower reservoirs, with proceeds going back to customers to mitigate rates. Sale of the Minnesota Power residential lease lots around hydropower reservoirs fits within the Company's goal of reducing non-core land holdings for the benefit of utility customers.

A. Minnesota Power's Hydro Operations

Minnesota Power began providing electric service in 1906¹ by harnessing the energy of the St. Louis River near Duluth, and today operates the largest hydroelectric system in Minnesota. Together, 11 stations produce more than 120 MW of electricity² for customers in northern Minnesota. All of Minnesota Power's hydro stations are run of river, meaning they rely on the natural flow rate of the rivers to generate electricity, with the exception of Thomson Hydro. A conventional reservoir behind Thomson Dam stores water for later use, allowing the power station to call on it for its turbines as needed. Thomson is part of the St. Louis River Project, which also includes five storage reservoirs on Whiteface, Cloquet and Beaver rivers that flow into the St. Louis River upstream from four Minnesota Power hydroelectric stations. These reservoirs – Whiteface, Boulder Lake, Island Lake, Fish Lake and Rice Lake – provide water for hydroelectric generation in the winter when there is not enough natural flow in the St. Louis River. Minnesota Power releases water from the reservoirs in the winter and in the spring, discharges are reduced, allowing the reservoir to fill again in preparation for the next winter's controlled drawdown. In Lake County, the Winton Hydro Station uses stored water from Garden Lake and associated waterbodies to power the Winton Hydroelectric Station via the Kawishiwi River.

Minnesota Power's commitment to hydroelectric power includes generating clean, renewable energy for customers while also protecting the land and water and providing public recreational opportunities. The Company's professional land and real estate staff manage the land surrounding the 17 reservoirs for public recreation, forest and wildlife stewardship, cultural and historical site protection, environmental education, and residential cabin and home leases.

Residential lease lots within Minnesota Power's hydropower reservoir system include twenty-one lots on Fall and Garden Lake in Lake County, as well as approximately one thousand lots within the St. Louis River Project ("SLRP"). The majority of the residential lease lots in SLRP are on Island, Fish and Whiteface Reservoirs, and these lots are currently undergoing significant refinement, including surveying, platting and potential adjustment of the Federal Energy Regulatory Commission ("FERC") project boundary.

¹ The immediate predecessor of Minnesota Power was the Duluth Edison Electric Co.

² The 11 stations include: Blanchard, Little Falls and Grand Rapids on the Mississippi River; Winton on the Kawishiwi River; Pillager and Sylvan on the Crow Wing River; Prairie River Station on the Prairie River; and Fond du Lac, Knife Falls, Scanlon and Thomson on the St. Louis River.

The current lease program and associated lease payments (i.e. rent) is based on the Estimated Market Value (“EMV”). The annual rent is 2.5 percent of the current EMV, paid semi-annually in two equal installments, and the leaseholder is also responsible for the property taxes. Twenty-five percent of lease revenues are allocated to electric utility customers. This revenue treatment is based off Commission proceedings in 1987³, where Minnesota Power determined that the first 25 feet of shoreline (extending back horizontally from the reservoir shoreline) were considered utility assets, which equated to 25 percent of the recreational land being leased. This was determined by the Commission to be the appropriate percentage for charging both revenues and expenses to utility operations.

This revenue treatment continues to the current time. In 2019, Minnesota Power received total lease revenues for the lease lots on Island, Fish, Whiteface, Fall, and Garden of approximately \$2.4 million, of which 25 percent was returned to utility customers, for a total annual benefit to utility customers of approximately \$0.6 Million. The overall EMV value for these lands is approximately \$101 million, which represents the potential value of the assets for utility customers if the lease sale is approved. Based off a survey sent to leaseholders on Island, Fish, and Whiteface Reservoirs in 2020, over 90 percent of leaseholders expressed a moderate or high interest in purchasing their lease lot.

While the first 25’ of shoreline remains with the FERC Project Boundary, upon closer review Minnesota Power has determined that this amount of land is not needed for hydropower operations or other project purposes such as recreational purposes. Rather, only the shoreline buffer zone is needed, and Minnesota Power is planning to submit a non-capacity permit amendment application to FERC to adjust the project boundary to 3’ back from the shoreline.

B. Land Sale Proposal

Minnesota Power proposes listing the majority of residential lots for sale in fee title after receiving all necessary approvals and refinements. A small percentage of lease lots will be retained due to requirements of the FERC license, specifically those lots that contain cultural resources. For those lots, Minnesota Power will retain ownership of the entire lot.

The Company believes that the best way to maximize lease lot sale values and ensure a transparent, manageable sales process for our electric power customers is to set the baseline value of each lot on the respective county’s EMV. The process used to calculate EMV relies on existing, well-established state processes. The State of Minnesota requires reporting, evaluation and verification of sales information for all real estate transactions by way of a certificate of real estate value (“CRV”). The County Assessor uses sales as inputs into sales ratio studies to plan for the upcoming assessment, evaluate the existing assessment and to identify inequities in the assessment. By statute⁴, and as listed in the Minnesota Department of Revenue’s Board of Appeal

³ MPUC Docket No. E-015/GR-87-223 MP&L: R.D. Edwards (July 22, 1987) testimony on Recreational Land Lease rent accounting treatment and justification for Utility vs. Non-Utility.

⁴ MN Statutes 274.014 and 274.135

and Equalization Handbook⁵, and the 2020 Property Values and Assessment Practices Report⁶, the sales ratio for the EMV targeted range is 90–105 percent of sale price.

Along with this statutory requirement for accuracy, county assessed values are subject to an annual, multi-phased vetting process and active oversight by the Minnesota Department of Revenue. This structured review process affords a level of credibility and acceptance not attainable via traditional one-off real estate appraisals. In circumstances where several neighboring lots are currently occupied by existing leaseholders, county assessed values have the distinct advantage of careful equalization between properties, meaning values are defensible in comparison to each other.

Most residential lots are already occupied by a leaseholder. For the lots currently under lease, the lots will be offered exclusively to the current leaseholder, using the EMV as the base offering price. For vacant lots, Minnesota Power would also use EMV as the base offering price. Should the Company receive offers for the vacant lots in excess of the base offering price (i.e. via competing bids) Minnesota Power's real estate professionals will secure the best price available for each lot.

Minnesota Power's lease program has a long history that spans decades. In some cases, an upfront payment was made to Minnesota Power to secure the rights to a lease. For those leaseholders who have submitted an upfront payment to the Company for the right to lease their lot, Minnesota Power will refund a pro-rated (calculated by original lease term duration) portion of the upfront payment to the leaseholder to credit toward the purchase price, should they choose to buy the lot. There would be no refund for leaseholders who continue to lease, or for leaseholders with less than one year left of their original lease term.

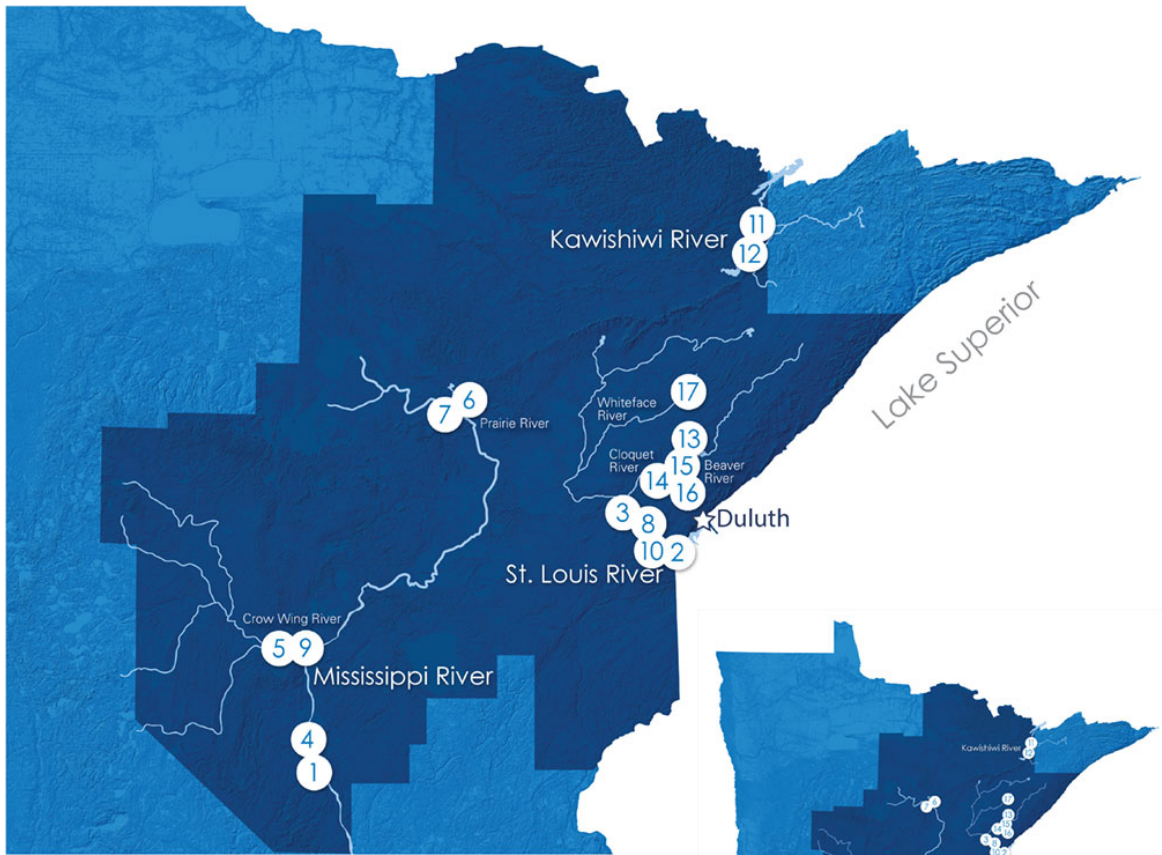
If leaseholders do not wish to purchase the lot they are leasing, Minnesota Power will continue to lease the lot to that leaseholder throughout its current term, subject to all lease terms and conditions therein. At lease termination, the leaseholder will still have the opportunity to purchase the lot. If they choose to not purchase the lot, the leaseholder will have the opportunity to sell structures and personal property on the lease lot on the real estate market. The resulting sale would require the new purchaser to buy the lot from Minnesota Power at the EMV at the time of purchase. Minnesota Power would no longer offer the lot for lease after the existing leaseholder's term expired.

All current leases will continue to be fully honored throughout their current term. The time when the lots would be available for purchase will depend on the platting process, as well as state and federal regulatory approvals. The estimated earliest time lots would be available for sale would be 2021 for lots on Fall and Garden lakes, and 2022 or 2023 for lots on Island, Fish, and Whiteface Reservoirs.

⁵ Minnesota Department of Revenue, Board of Appeal and Equalization Handbook, Updated January 2018, pp 11.

⁶ 2020 Property Values and Assessment Practices Report, Property Tax Division, March 1, 2020, pp.7

Figure 1: Minnesota Power's Hydroelectric Facilities



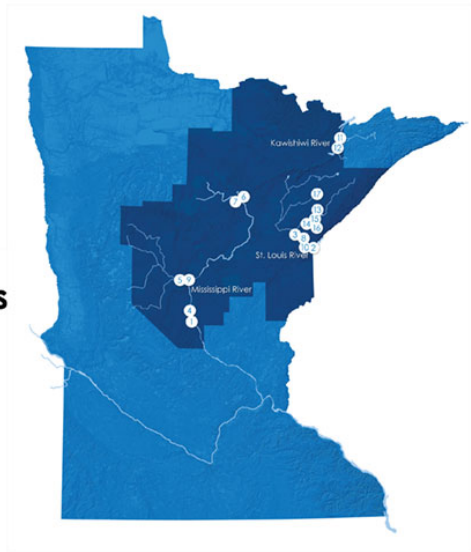
Minnesota Power's Hydroelectric Facilities

Hydroelectric Generation Facilities

- | | |
|-----------------|----------------|
| ① Blanchard | ⑦ Grand Rapids |
| ② Fond du Lac | ⑧ Scanlon |
| ③ Knife Falls | ⑨ Sylvan |
| ④ Little Falls | ⑩ Thomson |
| ⑤ Pillager | ⑪ Winton |
| ⑥ Prairie River | |

Reservoir Dams

- | |
|----------------|
| ⑫ Birch Lake |
| ⑬ Boulder Lake |
| ⑭ Fish Lake |
| ⑮ Island Lake |
| ⑯ Rice Lake |
| ⑰ Whiteface |



IV. MINNESOTA POWER'S LAND SALE PROPOSAL IS IN THE PUBLIC INTEREST

Given the number of regulatory and financial steps necessary before Minnesota Power can begin residential lease lot sales, Minnesota Power is requesting in this petition the Commission's prior authorization as required under Minn. Stat. § 216B.50 to facilitate the process for selling these lands versus individual petitions for each lot that meets the statutory criteria. Minn. Stat. § 216B.50 requires that transfers "of any plant as an operating unit or system" involving a utility in which the value of the property exceeds \$100,000 must be approved by the Commission. Minn. Rules 7825.1600, subp. 8, likewise incorporates the concept of an "operating unit or system" in requiring approval. The sale of residential lease lots complements the Company's goal of reducing non-core land holdings for the benefit of utility customers, while simultaneously advancing the potential for economic development via additional lot development by the landowner once they hold full title to the property, providing important construction and other opportunities for the local economy. Additionally, expansion of the county tax base occurs through the additional value created by residential lot development. The future sale of the properties will help mitigate rate increase to customers, reduce Minnesota Power's real estate costs, and provide potential opportunities for economic development. All three of these factors will create a significant public benefit. As such, the sale of lands as proposed in this petition is in the public interest and approval should be granted.

A. Land Sales Proceeds

Minnesota Power acquired ownership of these lands in large tracts approximately one hundred years ago, with most lands purchased in 1923. At that time, the hydropower reservoirs had yet to be constructed, and the lands were rural and did not have the current lakeshore (reservoir) attributes that provide significant value at the present time. Rather, at the time of acquisition the lands were remote, rural, and undeveloped, and any waterfront features were largely either riverine or wetland. The overall book value for these lands is a nominal amount (well under one million dollars) and not all land purchased in 1923 will be divested. If approval to sell these residential lease lots is granted, Minnesota Power will determine an appropriate process to assign book value per lot, which is expected to be a low value on a per lot basis and submit the required accounting entries including the final purchase price as required under Minn. Rules 7825.1800(B). Minnesota Power will credit the difference between the book value and the sale price to Minnesota Power customers.

If the Commission authorizes Minnesota Power to enter into land sales as described in this petition, Minnesota Power proposes to defer all the proceeds into a regulatory liability⁷ that would be returned to customers in either a future rate case or the Renewable Resources Rider. This rate treatment can be determined at a later date, but given the multitude of lots that will be sold, the extended time period over which sales will occur, and the timing of future rates is uncertain, Minnesota Power asserts that the best course of action is to establish a tracker account that provides both administrative ease and future customer rate mitigation without undue compliance burdens.

⁷ The Commission approved, and the Department supported, the creation of a regulatory liability for the sale of Minnesota Power's service centers on February 8, 2018 in dockets E015/PA-17-457, E-105/PA-17-459, E-015/PA-17-460, E-105/PA-17-461.

Upon obtaining all regulatory approvals, Minnesota Power will provide the Commission annual updates on the number of sales, the purchase prices, and the amount in the tracker account. Minnesota Power can also provide an annual update on the anticipated customer benefits through rate mitigation similar to what is provided in rider factor filings.

Minn. Stat. §216B.50 governs the Commission's review of this Petition. This statute provides, in relevant part: "Upon the filing of an application for the approval and consent of the commission thereto the commission shall investigate, with or without public hearing, and in case of a public hearing, upon such notice as the commission may require, and if it shall find that the proposed action is consistent with the public interest it shall give its consent and approval by order in writing. Id. (emphasis added)." Thus, if the Commission finds that the transaction is "consistent with the public interest," it must approve the Petition. In prior cases, the Commission established that this standard "does not require an affirmative finding of public benefit, just a finding that the transaction is compatible with the public interest." *In the Matter of the Proposed Merger of Minnegasco, Inc. With and Into ARKLA, Inc., Order Approving Merger*, Docket No. G-008/PA-90-604 (1990). As recently as February 5 24, 1997, the Commission reconfirmed this standard in its approval of the merger *In the Matter of the Proposed Merger of Minnegasco, Inc. With and Into Houston Industries, Inc. and Houston Lighting and Power Co.*, Docket No. G-008/PA-96-950. In that matter, the Commission approved a merger that had no rate reductions or freezes.

B. Filing Compliance and Variance Request

The effectiveness the residential lease lot sales program is contingent upon Commission approval. Moreover, the information provided with this Petition meets the requirements of the relevant Rules. Under Section 50, the Commission must consider the "reasonable value" of the property transferred. As discussed above in Section III.B, the reasonable value will be based on county EMV The information provided, including the information on how the Company will treat the difference between the purchase price and the book value of the property, gives the Commission ample basis for making that determination.

In addition, however, a Section 50 filing must contain information required by Minn. Rules Part 7825.1400 and 7825.1800. These Rules are primarily designed to collect information pertinent to capital structure filings and for the purpose of investigating the issuance of securities and Minnesota Power requests a variance from the application of such Rules in this Petition. The Commission shall grant a variance to its rules when it determines that the following requirements are met:

- a. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- b. granting the variance would not adversely affect the public interest; and
- c. granting the variance would not conflict with standards imposed by law.

Minnesota Power believes that these Rules have no direct relevance to ascertaining the reasonableness of property transfers such as the sale of the residential lease lots; while the burden may not be excessive, the information that would result is not relevant to the Commission's analysis. Consequently, to the extent the informational requirement of Minn. Rules Part 7825.1400 and 1800 apply to this Docket, the Company seeks a variance since those requirements are irrelevant. The public interest is not harmed by the absence of such information, and there is no

conflict with any other law, Rule or regulation if the variance is granted. In any event, the Company has provided the acquisition price and the book value referenced in these Rules. The public interest will not be adversely affected and no other applicable law or statute will be violated; a variance is justified.

V. CONCLUSION

As previously stated, Minnesota Power has moved further and faster than any other utility in the state towards a cleaner energy system, reducing carbon fifty percent since 2005 and delivering a power supply that will be fifty percent renewable in 2021. However, balancing affordability of electric rates with continued decarbonization efforts, especially amidst a global pandemic, requires new and innovative rate mitigation solutions. Through this petition, Minnesota Power has requested approval to begin selling land holdings along its hydro reservoirs, as well as receive guidance on land valuation and the ability to defer proceeds from approved land sales into a regulatory liability that would be returned to customers in a future rate case or through the Renewable Resources Rider. Selling land traditionally associated with hydro operations, with proceeds going back to customers to mitigate rate increases, also complements the Company's goal of reducing non-core land holdings for the benefit of utility customers, while simultaneously advancing the potential for economic development via additional lot development by the landowner once they hold full title to the property, providing important construction opportunities and an expansion in county tax base for the local economy.

Dated: August 31, 2020

Respectfully submitted,



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STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 31st day of August, 2020, she served Minnesota Power's Petition for Approval in **Docket No. E015/PA-20-675** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



Tiana Heger