

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Utility Information Request

Docket Number: E015/M-20-828

Date of Request: September 14, 2021

Requested From: Minnesota Power

Response Due: September 24, 2021

Analyst Requesting Information: Godwin Ubani

Type of Inquiry:

x	Financial		Rate of Return		Rate Design
	Engineering		Forecasting		Conservation
	Cost of Service		CIP		Resource Planning

If you believe your responses are proprietary, please indicate.

REQUEST NO. 1	<p>In further analysis of MP's request for Commission approval to sell land surrounding its hydro reservoirs to current leaseholders, please provide the following information:</p> <ol style="list-style-type: none"> 1. Identify who would be responsible for maintaining access roads to the lots sold to leaseholders? 2. Describe whether septic systems and wells are included in leasehold improvements and if the cost of these were paid for by current leaseholders, would such costs be deducted from the sales price of the lots at the time of purchase by the leaseholders? 3. Specify the total amount of upfront money that were paid by leaseholders to reserve the right to lease their lots and how would this amount be treated once leaseholders opt-in and purchase their leased lots instead? 4. Describe the type of purpose/s that land surrounding the leased lots that are sold would be used for. 5. Specify what financial considerations related to leaseholders were considered in view of COVID-19 health pandemic adverse effects on the nation's economy and how this may hinder leaseholders' ability to purchase their lots. <p>In your response if you believe you have already answered the questions or provided</p>
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Response by: Jim Atkinson
 Title: Environmental and Real Estate Manager
 Department: Environmental and Land Management
 Telephone: 218-343-9119

the information requested, please point out where in the records the answers to the question/s or information can be found.

If the requested information or answers to the questions cannot be provided by the specified due date, please provide a written explanation as to the reasons, along with the date the requested information or answers will be available.

RESPONSE:

1. A key aspect of the platting process that is currently underway is ensuring property owners have legal access to their property once private ownership occurs. Minnesota Power is planning to develop Common Interest Communities (CICs) on behalf of our leaseholders, which will function largely the same as current road associations. However, the CIC's will be a legal entity and will help ensure marketable title now and in the future. No action is needed from leaseholders at this time, and no significant changes to the function of road association or fees is anticipated once the transition to CICs is complete.
2. Not under MP's current proposal, which uses EMV to set the base value of the land. EMVs are calculated by comparing sales data from raw land; septic systems, wells, power supply, and other improvements are not included in EMVs.
3. As detailed in our petition to the MPUC, leaseholders who paid MP directly (sometimes referred to as a "right-to-lease" payment) will receive a pro-rated benefit based on the amount of time remaining on their original lease term. However, any right-to-lease payments made from one private party to another private party will not be refunded, since we did not participate in, and cannot control, buyer/seller decisions that did not involve MP.
4. In some cases, additional land may be added to lots to allow conformance with county standards. In other cases, the land will remain vacant to meet Minnesota Power's environmental, recreational, or other goals. In certain instances, the land may become available for sale to adjacent landowners. Minnesota Power has no plans to create additional lots at this time. We will continue to manage our lands with a balanced approach for MP, our utility and leaseholder customers and neighbors, and adjacent landowners. We have no current plans for mining development. Active forest management, including harvest, is a critical tool for ecological benefit, local industry, and wildfire protection and those practices will continue at MP's discretion in a thoughtful and deliberate manner.
5. Since March of 2019, MP has developed communications efforts designed to ensure engagement and education with our leaseholders and regulatory agencies, while protecting our employees and our leaseholders. This has included following state and MP policy regarding social distancing, face masks, and outdoor meeting venues. As a result, many of our engagements with leaseholders have been held in virtual venues or through emails and letters, or outdoors. MP has adhered to the eviction moratorium from Governor Tim Walz's executive order, and has voluntarily waived late fees for leaseholders who were behind on their rent. Our efforts also included communicating with leaseholders about rental assistance and the ongoing payment plan services at MP. As the lease lot purchase option begins, MP will continue to work with leaseholders facing extenuating circumstances to develop reasonable outcomes whenever possible.

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