



May 29, 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 2015 Integrated Resource Plan
Docket No. E015/RP-15-690
In the Matter of Minnesota Power's Petition for Approval of the EnergyForward
Resource Package
Docket No. E015/M-17-568
Minnesota Power's 2016 Rate Case
Docket No. E015/GR-16-664

Dear Mr. Seuffert;

Minnesota Power's (or "The Company's") Integrated Resource Plan ("IRP"), Baseload Retirement Study, and Securitization Plan are currently due on October 1, 2020. Minnesota Power is experiencing the impacts from the COVID-19 pandemic. Specific to the IRP, Baseload Retirement Study, and Securitization Plan, COVID-19 is limiting staff capacity and impeding the Company's stakeholder engagement process. Minnesota Power respectfully requests a six month extension for submitting its next IRP, Baseload Retirement Study, and Securitization Plan, from October 1, 2020 to April 1, 2021.

COVID-19 Pandemic

The COVID-19 pandemic has changed Minnesotan's collective lives dramatically in the past several months, with Governor Walz declaring a state of emergency, issuing a state-wide Stay at Home Order and limiting social gatherings. As it pertains to Minnesota Power's IRP, the COVID-19 pandemic has affected customers' energy use, changed how the Company's employees do their work, prioritized customer protection and economic recovery activities, and impeded the ability to conduct stakeholder engagement in the Boswell Energy Center host community.

Minnesota Power remains laser focused on the health and safety of its employees, customers and communities. The Company quickly transitioned all non-essential employees to remote work in March and continues to ensure proper procedures and contingency plans are in place to protect the health and safety of essential workers on site and in the field during this pandemic.

The ongoing response to the COVID-19 pandemic is impacting major parts of the economy, creating unprecedented uncertainty for utilities around the country. As Minnesota Power serves some of the nation's largest price-sensitive and globally-competitive industrial customers, six additional months will allow the Company to gain further insight into the pandemic's impact on customers' energy needs and the region's interconnected natural resources-based economy - insight which is critical for long term energy planning.

As businesses large and small have closed their doors and the country experiences record unemployment levels over the past several months, Minnesota Power has also been working diligently on customer protection efforts like attempting to resolve its pending rate case to provide relief to customers, ceasing disconnections, waiving late payment fees and developing payment plans for customers experiencing financial hardship. Additionally, the Company has devoted resources to assessing projects that could help to accelerate regional economic recovery and looks forward to participating in additional actions on that topic in Docket No. E,G-999/CI-20-425.

In 2019, Minnesota Power engaged Center for Energy and the Environment ("CEE"), the Great Plains Institute, and Lasky Consulting to facilitate a first-of-its-kind stakeholder process for this IRP and Baseload Retirement Study. Boswell Energy Center ("Boswell"), located in Cohasset, MN, is Minnesota Power's last remaining coal plant and only source of baseload power. As CEE noted in its 2020 Host Community Study and Power Plant Retirements: Community Perspectives and Realities webinar,¹ Cohasset is the smallest and most geographically isolated host community in Minnesota. In 2018 property taxes from Boswell accounted for nearly 70 percent of Cohasset's tax base, nearly 20 percent of the Grand Rapids School District tax base and 13 percent of Itasca County's tax base.²

Because the Commission directed Minnesota Power to evaluate Boswell Units 3 and 4 in the Baseload Retirement Study, the Company embarked on an ambitious and robust stakeholder process in late 2019, engaging traditional regulatory stakeholders in St. Paul, regional stakeholders across its service territory, and leaders of the host community that would be most directly affected by any changes at Boswell. In early March, the Company brought those interested stakeholders together in Grand Rapids for what was intended to be the first of several joint meetings to facilitate stakeholder input into the development of the IRP. Additionally, the Company convened a smaller stakeholder group to collaborate on resource planning modeling and assumptions in the IRP.

In accordance with the Governor's orders, Minnesota Power has postponed all in-person stakeholder meetings. A six month extension would allow the Company time to do the important work of hearing from all interested stakeholders, particularly in the host

¹Center for Energy and Environment, "Power Plant Retirements: Community Perspectives and Realities." <https://www.mncee.org/resources/resource-center/webinars/power-plant-retirements-community-perspectives-an/>

² Partridge, Audrey and Brady Steigauf. "Minnesota's Power Plant Communities: An Uncertain Future." Developed by Center for Energy and the Environment. February, 2020. https://www.mncee.org/MNCEE/media/PDFs/Host-Communities-Study-Report-FINAL_2-24-20_updated.pdf

community directly affected by a Baseload Retirement Study, and building consensus where able. Prior to submitting this extension request, Minnesota Power met with and informed stakeholders of its reasons for needing a six month extension.

Minnesota Power's EnergyForward Resource Strategy Continues

The Company last filed a resource plan on September 1, 2015, and supplemented the plan on November 4, 2015³. On June 8, 2017 the Company filed a request for an extension to file its next resource plan to allow the consideration of its wind, solar, and gas package of resource additions (the *EnergyForward* Resource Package). With the MPUC approval of this package, Minnesota Power remains on track in implementing its *EnergyForward* strategy to increase the percentage of energy generated from renewable sources for customers and reducing carbon, and will exceed 50 percent in 2021 through the additions of wind and hydro resources totalling 500 MW this year.

Minnesota Power has moved further and faster, with a higher percentage of renewable energy in our generation mix than any other Minnesota utility. Construction is currently underway for the Nobles 2 Wind Project in southwestern Minnesota, a 250 MW resource for the Company that is online this year. Also this year, the Company intends to file with the Commission a revised solar plan that addresses the replacement for the Blanchard Solar Project and additional utility scale solar needed to comply with the Solar Energy Standard beyond 2020. Minnesota Power has also expanded its transmission system with the Great Northern Transmission Line to accommodate the Manitoba Hydro purchase agreements which begins on June 1, 2020. In total, these projects add over 2.2 million MWh of renewable energy to the portfolio. Finally, the Company has idled, refueled, or remissioned seven of its nine coal plants since 2005, and is committed to evaluating the most beneficial use of all its generating resources in this IRP and other Commission dockets. While Minnesota Power's energy mix has changed significantly over the past fifteen years, the requested extension will not compromise the Company's ability to meet its customers' near term resource requirements.

With the onset of additional shifts in regional energy markets and COVID-19 impacts to demand, Minnesota Power has also initiated an internal investigation into the operating requirements and impacts of utilizing economic dispatch at each Boswell unit. Minnesota Power will continue to evaluate these operating scenarios and report on all conditions and aspects observed in its December 1, 2020 update and April IRP filing.

Finally, as a part of its ongoing transition to cleaner energy, Minnesota Power is implementing a new capacity expansion modeling tool, EnCompass, that it intends to use in this IRP and Baseload Retirement Study. The Company has worked collaboratively with other Minnesota utilities and stakeholders to choose a replacement to Strategist, which has been used in Minnesota Power's previous IRPs. Minnesota Power has been working diligently to on-board EnCompass in preparation for the IRP analysis. This requested six month extension will give Minnesota Power additional time to refine, set-up, and address any IRP modeling issues the Company encounters. Minnesota Power is

³ Docket No. E-015/RP-15-690

focused on making sure the new tool is capable of modeling all statutory requirements for a significant power supply decision and that there is adequate time to work through any unforeseen issues with the stakeholders.

Filing Requirements for the Upcoming IRP, Baseload Retirement Study and Securitization Plan

The tables in Attachment A provide a cross reference of filing requirements contained in Minnesota Statutes and Rules applicable to the IRP, Baseload Retirement Study, and Securitization Plan filings and the plan sections and/or appendices that contain information to fulfill a requirement. In addition, it identifies those items the Commission included in its Orders dated July 18, 2016, in Docket No. E015/RP-15-690, January 23, 2019 in Docket No. E015/M-18-545; and January 24, 2019 in Docket No. E015/AI-17-568.

Changing Customer Operations

As previously stated, Minnesota Power serves some of the nation's largest industrial customers, who are altering operations in response to the economic uncertainty driven by the COVID-19 pandemic. Currently, Northshore Mining⁴ and Hibbing Taconite⁵ are temporarily idled, Keewatin Taconite⁶ is indefinitely idled, and Minntac⁷ is partially idled. Concerning Minnesota Power's paper customers, Blandin⁸ and Sappi⁹ have announced temporary idling. While Minnesota Power has sufficient capacity to meet customer needs over the short term, a six month extension will provide additional time to analyze the long term implications of COVID-19 on all customer energy needs, but particularly the Company's largest industrial customers who make up a significant portion of Minnesota Power's energy sales.

Securitization Update

⁴ DePass, Dee. "Northshore Mining on Iron Range Laying off 470 Workers Until August." April 13, 2020. Star Tribune. <https://www.startribune.com/northshore-mining-on-iron-range-laying-off-470-workers-until-august/569606582/>

⁵ DePass, Dee. "Hibbing Taconite Laying Off 650 Workers as it Idles Iron Range Operations." April 21, 2020. Star Tribune. <https://www.startribune.com/hibbing-taconite-laying-off-650-workers-as-it-idles-iron-range-operations/569817542/>

⁶ DePass, Dee. "Virus Slowdown Idles Keewatin Taconite Plant; 375 Workers Affected." April 16, 2020. Star Tribune. <https://www.startribune.com/keewatin-taconite-plant-to-idle-due-to-virus-375-workers-affected/569702132/>

⁷ "Layoffs coming to Minntac mine in Mountain Iron." May 1, 2020. Duluth News Tribune. <https://www.duluthnewstribune.com/business/energy-and-mining/6474274-Layoffs-coming-to-Minntac-mine-in-Mountain-Iron>

⁸ Lovrien, Jimmy. "Blandin Paper Mill in Grand Rapids will Temporarily Shut Down." April 21, 2020. Duluth News Tribune. <https://www.duluthnewstribune.com/business/5465566-Blandin-paper-mill-in-Grand-Rapids-will-temporarily-shut-down>

⁹ Passi, Peter. "Sappi Cloquet Plant Workers to Return from Layoff, Prepare for Pulp Mill Outage." April 21, 2020. Duluth News Tribune. <https://www.duluthnewstribune.com/business/manufacturing/5491060-Sappi-Cloquet-plant-workers-to-return-from-layoff-prepare-for-pulp-mill-outage>

Minnesota Power was first directed in its 2016 rate case (Docket No. E-015/GR-16-664) to develop a securitization plan for the Boswell Energy Center within two years of the Commission's March 12, 2018 Order in the docket. The Commission subsequently modified this initial requirement in its May 29, 2018 Reconsideration Order in Docket No. E-015/GR-16-664. This Order directed the Company, in lieu of a securitization plan, continue to explore securitization and, within two years of the date of the order, file a report on securitization, informed by the input of stakeholders, including the OAG and the Clean Energy Organization. These rate case Orders were ultimately supplemented by the January 24, 2019 Order in the Company's Nemadji Trail Energy Center ("NTEC") Docket No. E-015/AI-17-568. In the NTEC Order, the Commission further defined the purpose of the Company's securitization plan, ordering that the Company shall include in its next resource plan, "A securitization plan that could be used to mitigate potential ratepayer impacts associated with any early retirement of one or both of the Boswell 3 and 4 facilities."

In November of 2018, the Company held an initial stakeholder discussion with Center for Energy and the Environment, Citizens Utility Board, Fresh Energy, and the Great Plains Institute. The purpose of this meeting was to initiate dialogue and information sharing regarding the potential uses of securitization. Since that time Minnesota Power has contracted with the Rocky Mountain Institute ("RMI") to develop a detailed securitization financial model. In partnership with Minnesota Power's internal team, RMI will assist the Company in understanding the financial viability of using ratepayer-backed securitization to address potential unrecovered costs in the event of early retirement of its generation assets. Additionally, RMI will support Minnesota Power's continued stakeholder engagement around securitization and in the development of the final report to be submitted to the Commission.

RMI and Minnesota Power are actively progressing on the agreed-upon scope of work. Some of the more detailed portions of the financial analysis and scenario modeling are closely tied to the outcomes from the Baseload Retirement Study and the IRP. Accordingly, the comprehensive conclusions of the Company's securitization research and modeling is closely tied to the outcomes of both the Baseload Retirement Study as well as its IRP. Although the modeling is closely linked to the comprehensive outcomes of the securitization plan, there are some key takeaways and high level learnings that could be shared prior to the completion of the Baseload Retirement Study and Integrated Resource Plan.

Interim Update on December 1, 2020

Minnesota Power recognizes the stakeholder interest in this IRP, Baseload Retirement Study and Securitization plan, and offers to submit the following items on December 1, 2020 as an interim update:

1. An update of Minnesota Power's customer operations
2. An interim report on stakeholder engagement done to date and additional engagement planned prior to the April 1, 2021 filing date
3. A high level overview of securitization learnings to date

4. IRP modeling assumptions that resulted from the stakeholder modeling subgroup process
5. An interim report on the operating requirements and impacts of utilizing economic dispatch at each Boswell unit given impacts of the COVID-19 pandemic on the grid and MISO energy market.

Minnesota Power is committed to continuing to work collaboratively with all interested stakeholders on the development of these deliverables and the final IRP, Baseload Retirement Study and Securitization Plan.

Conclusion

Ensuring the health and safety of the Minnesota Power's employees, customers and communities remains the Company's top priority during this pandemic. As circumstances have changed these past several months, so too has the time and focus of Minnesota Power's employees, customers, and stakeholders. A six month extension will allow the Company to gain additional insight about the pandemic's impact on customers' energy needs and the region's economy, and allow continued focus on operations, customer protections and economic recovery projects.

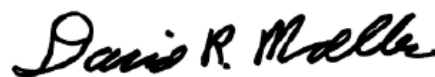
A six month extension will also allow for a modified version of stakeholder engagement to continue that ensures the voices of Minnesota Power's community members are heard while revising the stakeholder process to incorporate the latest COVID-19 prevention guidance from the State of Minnesota. The Company believes that early engagement can help find common ground and understanding between interested stakeholders. This level of engagement will require significant time by facilitators, stakeholders, and Minnesota Power staff. As this IRP and the Baseload Retirement Study will evaluate the Company's only remaining baseload facility – Boswell Energy Center – Minnesota Power considers it critical to spend the time to ensure the voices of the host community are heard and incorporated in this important process.

An April 1, 2021 submittal of the IRP, Baseload Retirement Study, and Securitization Plan will provide all parties with more useful information and result in a more informed plan. If you have any questions regarding this filing, please contact Jennifer Peterson at (218) 355-3202 or jjpeterson@mnpower.com, or David Moeller at (218) 723-3963 or dmoeller@allete.com.

Respectfully,



Jennifer J. Peterson
*Manager – Regulatory
Strategy & Policy*



David R. Moeller
*Senior Attorney and Director of
Regulatory Compliance*



ATTACHMENT A

Statute or Rule	Requirement
7843.0300, Subp. 3	Completeness of filing. The resource plan filing must contain the information required by part 7843.0400, unless an exemption has been granted under subpart 4.
7843.0300, Subp. 5	Copies of filings. Submit 15 copies of the plan to the Commission, and to the Minnesota Department of Commerce, the Residential and Small Business Utilities Division of the Office of the Attorney General, the Minnesota Environmental Quality Board and member agencies, and other interested persons or parties who request copies.
7843.0400, Subp. 1	Advance forecasts. Include a copy of the latest Advance Forecast Report for the DOC and MEQB.
7843.0400, Subp. 3(A)	Supporting information. Include a list of resource options considered. Utility must include an evaluation of the option's availability, reliability, cost, socioeconomic effects, and environmental effects.
7843.0400, Subp. 3(B)	Supporting information. Description of the process and analytical techniques used in developing the plan.
7843.0400, Subp. 3(C)	Supporting information. Include a five-year action plan, with a schedule of key activities and regulatory filings.
7843.0400, Subp. 3(D)	Supporting information. Include a narrative and quantitative discussion of why the plan would be in the public interest, considering the factors listed in part 7843.0500, subp. 3.
7843.0400, Subp. 4	Nontechnical summary. Include a non-technical summary not to exceed 25 pages in length that describes the utility's resource needs, the resource plan created to meet those needs, the process and analytical techniques used, activities required over the next five years to implement, and the likely effect of plan implementation on electric rates and bills.
216B.2422, Subd. 2	Resource plan filing and approval. Include least-cost plan for meeting 50 percent and 75 percent of all new and refurbished capacity needs through a combination of conservation and renewable energy resources.
216B.2422, Subd. 2a	Historical data and advance forecast. Each utility required to file a resource plan under this section shall include in the filing all applicable annual information required by section 216C.17, subdivision 2, and the rules adopted under that section. To the extent that a utility complies with this subdivision, it is not required to file annual advance forecasts with the department under section 216C.17, subdivision 2.

Statute or Rule	Requirement
216B.2422, Subd. 2C	Long-range emission reduction planning. Each utility required to file a resource plan under subdivision 2 shall include in the filing a narrative identifying and describing the costs, opportunities, and technical barriers to the utility continuing to make progress on its system toward achieving the state greenhouse gas emission reduction goals established in section 216H.02, subdivision 1, and the technologies, alternatives, and steps the utility is considering to address those opportunities and barriers.
216B.2422, Subd. 3(a)	Environmental costs. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.
216B.2422, Subd. 4	Preference for renewable energy facility. The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest.
216B.2422, Subd. 6	Consolidation of resource planning and certificate of need. Utility should state if it intends to site or construct a large energy facility.
216B.2422, Subd. 7	Energy storage systems assessment. (a) Each public utility required to file a resource plan under subdivision 2 must include in the filing an assessment of energy storage systems that analyzes how the deployment of energy storage systems contributes to: (1) meeting identified generation and capacity needs; and evaluating ancillary services. The assessment must employ appropriate modeling methods to enable the analysis required in paragraph (a).
216B.2422, Subd. 6	Consolidation of resource planning and certificate of need. Utility should state if it intends to site or construct a large energy facility.
216B.1691, Subd. 3	Utility plans filed with commission. Report on efforts toward meeting renewable energy objective/renewable energy standard.
216B.2426	Opportunities for distributed generation. The commission shall ensure that opportunities for the installation of distributed generation, as that term is defined in section 216B.169, subdivision 1, paragraph (c), are considered in any proceeding under section 216B.2422, 216B.2425, or 216B.243.

July 18, 2016 Integrated Resource Plan Order Point	Requirement
3.	Minnesota Power shall idle Taconite Harbor Energy Center Units 1 and 2 in 2016, retain the ability to restart them to address reliability or emergency needs on the transmission system, and cease coal-fired operation by the end of 2020. Future refueling and re-mission opportunities will be considered in planning and optimization of the facility for the next resource plan.

8.	Minnesota Power's next resource plan shall include a full analysis of all alternatives, including renewables, energy efficiency, distributed generation, and demand response, for providing energy and capacity sufficient to meet its needs.
10.	Minnesota Power shall acquire solar units of 11 MW by 2016, 12 MW by 2020, and 10 MW by 2025 to meet its SES obligations.
11.	The Commission finds that up to 100 MW of solar by 2022 is likely an economic resource for Minnesota Power's system; the Company shall account for this finding in its request for proposals in any competitive acquisition process.
12.	Minnesota Power's average annual energy savings goal is set at 76.5 GWh.
14.	Minnesota Power shall investigate the potential for an energy-efficiency competitive-bidding process to supplement its existing conservation-improvement program, open to both CIP-exempt and non-CIP-exempt customers, and shall summarize its investigation and findings in its next resource plan.
January 23, 2019 Nobles 2 Wind PPA Order Point	
5.	In its next resource plan filing, Minnesota Power is required to report accredited wind capacity values for their existing wind plants.
January 24, 2019 Energy Resource Package	
6.	Minnesota Power shall include the following in its next resource plan: <ol style="list-style-type: none"> a. A baseload retirement analysis that thoroughly evaluates and includes a plan for the early retirement of Minnesota Power's two remaining coal plants, Boswell 3 and 4, individually and in combination; b. A securitization plan that could be used to mitigate potential ratepayer impacts associated with any early retirement of one or both of the Boswell 3 and 4 facilities; and c. A proposed bidding process for supply-side acquisitions of 100 MW or more lasting longer than five years, as set forth in Attachment A, for Commission consideration and potential approval.
7.	In developing the modeling analysis to be used in its next resource plan, Minnesota Power shall consult with stakeholders, including but not limited to the Department of Commerce and Clean Energy Organizations, regarding the Company's modeling inputs and parameters.

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 29th day of May, 2020, she served Minnesota Power's Extension Request in **Docket No. E015/RP-15-690, E015/M-17-568** and **E015/GR-16-664** 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