

## NOTICE OF SUPPLEMENTAL COMMENT PERIOD

Issued: June 28, 2021

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

**PUC Docket Number(s):** E-015/PA-20-675

**Comment Period:** Initial supplemental comment period closes July 19, 2021 at 4:30pm

Reply supplemental comment period closes July 29, 2021 at 4:30pm

*Comments received after the close of the comment period may or may not be considered by the Commission.*

**Issues:** Should the Commission approve Minnesota Power's request to sell certain residential lease lots for which Company ownership is no longer required to continue operating its hydropower reservoirs?

Minnesota Power's June 18, 2021 response to Commissioner Tuma's proposed decision alternatives and the response to Minnesota Power's additional survey of current leaseholders that was conducted to gauge their interest on these new alternatives regarding the sale of the residential lease lots.

### Topic(s) Open for Comment:

- Should the Commission allow Minnesota Power to set the baseline value of each lot for sale on the county's Estimated Market Value ("EMV") methodology plus 4%, with leaseholders having six (6) months to take advantage of this rate from the date the lot is offered for sale?
- Should the Commission allow Minnesota Power to set the baseline value for each lot for sale on the county's EMV methodology plus 4% with sale being fully negotiated within the next two (2) years of the date of Commission' order?
- If sale is not completed within two (2) years of the Commission' order, should Minnesota Power sell the property at auction upon termination of the lease unless Minnesota Power requests a variance specifically due to extraordinary circumstance?
- Should the Commission allow Minnesota Power to offer for sale those lots without leaseholds at a price no less than 25 percent over EMV and may only be sold at less than this amount for offers above of 4 percent of the current EMV if the offer is over three months old. If these lots are not sold the company will file a proposal for auction or continued offering of the remaining lots two years after the date of the order?
- Are there other issues or concerns related to this matter?

## **Background**

In its August 31, 2020 Petition, Minnesota Power requested Commission approval to sell land holdings surrounding many of its hydropower reservoirs worth approximately \$101 million, including permission to set baseline value of each lot on the basis of the county's estimated market value (EMV) and defer sale proceeds into regulatory liability to be returned to customers in future rate case or via renewable resources rider.

On January 15, 2021, the Department filed Comments indicating general support for the Company's proposal, including support for the Commission to grant the requested variance to Minnesota Rule, part 7825.1400, but requesting additional information from Minnesota Power, before it would make its final recommendations.

On January 25, 2021, Minnesota Power filed Reply Comments addressing the issues raised in the Department's Comments.

On March 25, 2021, the Department submitted supplementary reply comments and recommended the Commission approve the Petition, with reporting requirements as listed in the supplementary comments.

On May 12, 2021, prior to the Commission's Agenda Meeting, Commissioner Tuma offered two alternative proposals for lease lot valuation and sales process as follow:

(1) Allow Minnesota Power to set the baseline value for each lot occupied by a leaseholder for sale on the county's EMV methodology plus 4 percent to capture the county assessment lag. Under this proposal, sales would need to be negotiated within the next two years of the date of the order, and if not, the property must be sold at auction upon the termination of the lease unless a variance is specifically sought for extraordinary circumstances.

(2) Allow Minnesota Power to offer for sale lots without leaseholds at a price no less than 25 percent over EMV and may only be sold at less than this amount for offers above of 4 percent of the current EMV if the offer is over three months old. If these lots are not sold the company will file a proposal for auction or continued offering of the remaining lots two years after the date of the order.

On May 13, 2021, during its agenda meeting, the Commission heard Minnesota Power's Petition and tabled this matter to allow Minnesota Power to respond to Commissioner Tuma's proposed decision alternatives and to conduct an additional survey with current leaseholders to gauge their interest in these new alternatives regarding the sale of the residential lease lots.

On June 9, 2021, Diane Palmstein filed comments, inquiring whether the EMV for the lot included land improvements to the property made by a leaseholder.

On June 18, 2021, Minnesota Power filed its update in response to the decision alternatives offered by Commissioner Tuma and the discussion at the Commission meeting on May 13, 2021.

**Filing Requirements:** Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: [mn.gov/puc](http://mn.gov/puc), select *eFiling*, and follow the prompts.

**Submit Public Comments:**

**Online:** Visit [mn.gov/puc](http://mn.gov/puc), select Comment and follow the prompts

**Email:** [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us)

**U.S. Mail:** Consumer Affairs Office  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul MN 55101

**Full Case Record:** See all documents filed in this docket via the Commission's website at [mn.gov/puc](http://mn.gov/puc), select *Search eDockets*, enter the year (20) and the docket number (675), select *Search*.

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**Questions about this docket or Commission process and procedure?** Contact Commission staff, Godwin Ubani, at [godwin.ubani@state.mn.us](mailto:godwin.ubani@state.mn.us) or 651-201-2191.

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**CERTIFICATE OF SERVICE**

I, Chrishna Beard, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

**Minnesota Public Utilities Commission**

**NOTICE OF SUPPLEMENTAL COMMENT PERIOD ON LAND SALES ISSUES**

Docket Number **G-015/M-20- 675**

Dated this 28th day of June, 2021

/s/ Chrishna Beard

| First Name     | Last Name                      | Email                                | Company Name                       | Address  | Delivery Method    | View Trade Secret | Service List Name       |
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| Sharon         | Ferguson                       | sharon.ferguson@state.mn.us          | Department of Commerce             | 85 7th Place E Ste 280<br><br>Saint Paul, MN 551012198       | Electronic Service | No                | OFF_SL_20-675_PA-20-675 |
| David          | Moeller                        | dmoeller@allete.com                  | Minnesota Power                    | 30 W Superior St<br><br>Duluth, MN 558022093                 | Electronic Service | Yes               | OFF_SL_20-675_PA-20-675 |
| Jennifer       | Peterson                       | jjpeterson@mnpower.com               | Minnesota Power                    | 30 West Superior Street<br><br>Duluth, MN 55802              | Electronic Service | No                | OFF_SL_20-675_PA-20-675 |
| Generic Notice | Residential Utilities Division | residential.utilities@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul, MN 551012131 | Electronic Service | Yes               | OFF_SL_20-675_PA-20-675 |
| Will           | Seuffert                       | Will.Seuffert@state.mn.us            | Public Utilities Commission        | 121 7th Pl E Ste 350<br><br>Saint Paul, MN 55101             | Electronic Service | Yes               | OFF_SL_20-675_PA-20-675 |