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May 8, 2026 **Submitted via eDockets**

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

Re: *In the Matter of Minnesota Power's Petition for Approval of Modifications to its Large Power Tariff; PUC Docket Number: E-015 /M-26-126*

Executive Secretary Bergman,

CURE submits these comments in response to the Public Utilities Commission's (Commission) notice of extended comment period[1] regarding Minnesota Power's initial filing regarding the Commission's duty to define a very large customer class for the utility pursuant to Minn. Stat. § 216B.1622.[2] Minnesota Power's initial petition appears to be deficient because it does not seek to differentiate the very large customers identified by the legislature in 2025 from Minnesota Power's Large Power (LP) Customer Class, already in existence. The legislature did not intend this result, and the Commission should deny it. Minnesota Power should be required to file a new petition that fully accounts for the system and financial risks posed by hyperscale data centers. The Commission should also consider staying the proceedings related to Minnesota Power's Electric Service Agreement (ESA) with Google until the issues in this docket have been resolved.[3]

I. One of these things is not like the other

In passing Minn. Stat. § 216B.1622, the legislature did not intend to conflate new hyperscale data centers together with Minnesota's existing historic heavy industries. These industries are not "similarly situated customers" who should be "billed consistently."[4]

[1] *Notice of Extended Comment Period*, In the Matter of Minnesota Power's Petition for Approval of Modifications to its Large Power Tariff, PUC Docket No. E-015 /M-26-126, April 2, 2026, eDockets No. 20264-229975-01.
[2] *Initial Filing*, In the Matter of Minnesota Power's 2025-2039 Integrated Resource Plan, PUC Docket No. 25-127, March 3, 2025, eDockets No. 20253-215986-11 [hereinafter Initial Filing].
[3] Petition for Approval of an Electric Service Agreement Between Google and Minnesota Power, Docket No. 26-159, March 27, 2026, eDockets No. 20263-229694-01.
[4] Initial Filing at 9.

1. *The global data center industry*

The legislature's main concern in passing Minn. Stat. § 216B.1622 was protecting Minnesota's ratepayers (and existing industries) from "very large customers," not blessing its unchecked expansion. The Commission should not conflate unlike industries when the legislature clearly intended to do the opposite.

In 2025, in the face of sudden, intense interest for hyperscale data center[5] development in Minnesota, the legislature determined that some immediate action was necessary to avoid impacts to existing utility customers and member-owners. The legislature determined that it is necessary for the Commission to define a new class of customers—"very large customers," generally understood to include hyperscale data centers. And while they left some discretion to the Commission, inherent in this legislative decision was the recognition that hyperscale data centers are different from typical/historical customers, including mines and paper mills, and must be treated as such when it comes to electricity rates.

Statements from the Chairs of the House and Senate Energy Committee during the floor debate on the final bill are especially enlightening. Senate Chair Nick Frentz explicitly stated that, under the bill, "A data center built in a utility territory cannot—repeat, cannot—have a negative impact on the residential or commercial ratepayers."[6] If the legislature intended data centers to be treated similarly to other, existing commercial ratepayers, they would not have made this distinction—a markedly different policy statement than those in support of timber and mining supports.

House committee Chair Representative Patty Acomb made similar remarks about the unique nature of hyperscale data centers: "With facilities of this size, Minnesota really deserves to have protections and strong environmental protections, strong ratepayer protections.... Especially on the ratepayer protections, to make sure you and I aren't footing the bill for the extra generation and transmission that data centers are going to require. This bill ensures that the data centers will cover those costs."[7] Again, it is clear from these authors' statements, and the plain language of the law, that the intent was to distinguish data centers as entirely separate from any other kind of ratepayer, especially those who have been shown favor in prior law.

This same law also includes a new definition of a data center: "a facility that is designed to have a load of 100 megawatts or more and whose primary purpose is the storage, management, and

[5] Until 2025 there was not even a definition in state law that helped to explain what a hyperscale data center was based on energy use. In that legislative package a threshold of 100 Megawatts of demand was incorporated as an energy-based standard that the Commission will be able to use in its future policy work on this issue.
[6] Sen. Frentz 6/9/2025 floor debate, 12:24-12:33, *available at* https://www.youtube.com/watch?v=NiowDqV72x8.
[7] Rep. Acomb, 6/9/25, approx. 6:08, *available at* https://www.youtube.com/watch?v=M_q2uoyY3iI.

processing of digital data via the interconnection and operation of information technology and network telecommunications equipment."[8] These kinds of facilities are in no way comparable to the existing kinds of industrial or commercial customers to which Minnesota Power—or any utility—currently provides service. The LP tariff that exists now is for facilities with as little demand as 10 Megawatts,[9] a tenth of the table stakes to be considered a hyperscale data center. To treat these historically large and different customers as if they are the same as the existing LP Customer Class goes against the plain language of the law, the intent of the legislature, and the common sense of regular Minnesotans.

2. *Minnesota iron and forestry products*

Minnesota's legislature and constitution are very clear in their posture towards most of the industries that are already within Minnesota Power's LP tariff. Because of historic economic development and employment justifications, as well as exposure to international market competition, the state has favored these industries with various incentives, including favorable electric rates.

For example, in 2015 the state legislature allowed for the creation of a favorable electric rate for large customers of Minnesota Power. The Energy-Intensive Trade-Exposed rate statute states: "It is the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers."[10] These customers are defined to include "iron mining extraction and processing facility . . . paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer . . . steel mill and related facilities" and allowed additional types of customers with an ESA to be added if they had above 10 Megawatts of demand, load factor above 80 percent, and importantly are "subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production."[11] This clearly was established for resource processing facilities where the products they made are traded in a global market. This law did not consider AI data centers, and is a thumb on the scale for lower/"competitive" electric rates, not consistent with the legislation passed ten years later.

Additionally, while data centers have certain time-limited sales tax exemptions, and often seek property tax abatement, this is distinctly different tax policy from how Minnesota treats the industries that are already within the LP tariff. The Minnesota Constitution explicitly allows for

[8] Minn. Stat. § 216B.02, Subd. 11.
[9] Initial Filing at 7.
[10] Minn. Stat. § 216B.1696, Subd. 2.
[11] Minn. Stat. § 216B.1696, Subd. 1(c)(1)-(4). While data centers are subject to competition, it is nothing like the global trade of fungible commodities like iron, steel, paper, and hardwood. The fierce competition between tech companies is in no way liked to resources in northern Minnesota, nor is it linked to a Minnesota work force – both the data and the workers brought in to build data centers are generally from elsewhere, and not providing long-term union labor in rural parts of the state.

property tax breaks for timber lands and taconite mines, occupation taxes for iron ore mining,[12] and provides for establishing a yield tax on timber.[13]

There are no similar constitutional statements about the mining of data, or the importance of encouraging a software-based industry that doesn't contribute to sustainable use of forests or productive development of ore deposits. These two industries have, and likely will, employ far more Minnesotans than data center development and operation ever will. What's more, as Minnesota Power's filing states clearly, it is very familiar with the LP customers it serves,[14] which cannot be said for the new hyperscale data center industry and companies it plans to serve.

The legislature has also made some key choices in energy policy as relates to this heavy industry versus existing LP customers. "Qualified large-scale data centers" (which are similar to "very large customers but are subject to a different tax-based definition")[15] are subject to a special additional fee to be paid into the state energy and conservation account.[16] This is paired with an exemption from the existing requirements on a large customer facility that normally apply to all other LP customers.[17] If one set of large industries is subject to conservation law while the other pays a set fee in order to avoid that law, how are these appropriately placed in the same customer class? The energy use of customers who are subject to conservation programs will diverge significantly over time with even larger customers who are not subject to these legal standards.

II. One of these things just doesn't belong

As a matter of fact, the legislature was not wrong in placing these industries in different categories, and expecting the Commission to do the same. While resource extraction LP customers like taconite processing plants and paper mills have established energy use patterns, these do not match hyperscale data center load profiles and there is significant uncertainty about data center energy needs that requires a separate customer class.

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[12] MN Constitution, Art. X, Sec. 3 and Sec. 6.
[13] MN Constitution, Art. X, Sec. 2.
[14] *See* Initial Filing at 5 (discussing the companies it serves in the LP tariff, and stating "The Company's longstanding experience serving large industrial customers provides Minnesota Power with a strong and unique foundation for serving new customers with significant and complex energy needs." as if all industries have the same types of needs as the existing LP customers).
[15] See definition in Minn. Stat. § 297A.68 Subd. 42(e).
[16] Minn. Stat. § 216B.72.
[17] Minn. Stat. § 216B.24, Subd. 1a, ("A qualified large-scale data center that pays the required fee under section 216B.72 is exempt from the requirement to contribute to investments and expenditures made under an energy conservation optimization plan for electric service filed under subdivision 2, or section 216B.2403, subdivision 3, and is not required to comply with the provisions of this paragraph.").

1. *Risk to the grid*

What is known now appears to indicate that hyperscale data centers can cause unreasonable and unlimited system and financial risk to other ratepayers. For example, on July 10, 2024 "a lightning arrestor failed on a 230 kV transmission line in the Eastern Interconnection, resulting in a permanent fault that eventually 'locked out' the transmission line" causing a data center to go offline and shed 1,500MW of load.[18] Other LP customers do not function on such a hair trigger, and none of them can currently shed 1.5 gigawatts of load because of a transmission line fault—they would need to have that much load to begin with to drop that much in one event. Minnesota Power's experience with and current operations designed for "customers with large and continuous energy needs"[19] does not prepare it for serving much larger customers whose demand might disappear in an instant.

But this is not limited to one facility or event,[20] the North American Electric Reliability Corporation (NERC) has recently released a historic warning (a Level 3 NERC Alert) "to address the risks posed by existing and new computational loads interacting with the bulk power system (BPS), inclusive of computational load interconnecting with collocated generation."[21] This is just the third time that NERC has ever put out a Level 3 alert, and it is calling on grid operators, transmission operators, and utilities to take seven essential actions to try to mitigate some of the risk posed by large data centers.[22] This is not NERCs first warning on the topic, nor is their research lacking, in March 2026 its Large Loads Working Group put out a report that warned of cascading and widespread power outages that could follow the extreme changes in power needs associated with AI model training.[23]

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[18] NERC, *Incident Review, Considering Simultaneous Voltage-Sensitive Load Reductions*, Jan. 8, 2025, https://www.nerc.com/globalassets/our-work/reports/event-reports/incident_review_large_load_loss.pdf.

[19] Initial Filing at 7.

[20] NERC has found "numerous load-loss events across the East Coast and Texas that weren't predicted by planning studies" in its assessment of hyperscale data centers. Catherine Boudreu, NERC sounds the alarm that data centers risk overtaxing the grid, Latitude Media, May 4, 2026, https://www.latitudemedia.com/news/nerc-sounds-the-alarm-that-data-centers-risk-overtaxing-the-grid/.

[21] NERC, ESSENTIAL ACTION TO INDUSTRY: COMPUTATIONAL LOAD MODELING, STUDIES, INSTRUMENTATION, COMMISSIONING, OPERATIONS, PROTECTION, AND CONTROL, May 4, 2026, https://www.nerc.com/globalassets/programs/bpsa/alerts/level-3-computational-load-alert.pdf.

[22] Christa Marshall, *AI boom sparks rare warning of 'significant risks' to grid*, E&E News, May 4, 2026, https://www.eenews.net/articles/ai-boom-sparks-rare-warning-of-significant-risks-to-grid/.

[23] NERC Large Loads Working Group, ASSESSMENT OF GAPS IN EXISTING PRACTICES, REQUIREMENTS, AND RELIABILITY STANDARDS FOR EMERGING LARGE LOADS, White Paper, March 2026, https://www.nerc.com/globalassets/our-work/guidelines/reliability/white-paper---assessment-of-gaps.pdf. *See also* Peter Behr, *AI power demand creates 'high likelihood, high impact' grid risks*,

2. *Financial risk*

Losing large customer load is also a financial risk to Minnesota Power and its existing customers. The utility's representatives and filings before the Commission cite the idling of iron processing plants and other LP customers as a reason to increase return on equity—felt by other customers as uneconomic financial loss—to compensate investors for this risk. Very large customers will be far more prone than the existing customers to idle or close their plants if they find another location with cheaper utilities or simply find that the speculative enthusiasm in their business was a bubble. There is no Minnesota-based resource that ties these facilities to the land, there is no Minnesota-based workforce that necessitates this industry to remain after it has built a facility. Sunk costs of a few million dollars mean nothing to a company valued in the trillions of dollars.

Considering this level of system risk, and the work that Minnesota Power, transmission partners, and MISO will have to engage in to mitigate this risk, it is not time to fully incentivize the buildout of hyperscale data centers before the safeguards required are in place. Instead, by keeping these more risky customers out of the LP Customer Class and tariff, the Commission can treat them separately as the energy system will as well.

III. The Commission should define "very large customers" as a separate class that bears the risk it causes

Ultimately, Minn. Stat. § 216B.1622, Subd. 1 places a date certain deadline on the Commission to act, even if Minnesota Power does not make a proper petition. The legislature clearly intended to wall off "very large customers" from existing LP customers who are a part of Minnesota's social fabric and history. They clearly defined hyperscale data centers ten times larger than the size required for the LP Customer Class. They clearly did not intend for the risk of this new industry to be intermingled with any other customer class, hoping instead to bulwark our utility system against a new set of risks.

Minnesota Power proposes that "any customer-specific issues or operational details not explicitly addressed in the LP Tariff will be addressed through the terms and conditions of individual ESAs."[24] It is not appropriate to reserve all safeguards the Commission may want to see for very large customers for ESA dockets or a future rate case.[25] ESA dockets are largely trade secret and such secrecy will not in any way assure the public that they are being protected from risks, while Minnesota Power's next rate case will likely be burdensome enough for the Commission without

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E&E News, Mar. 18, 2026, https://subscriber.politicopro.com/article/eenews/2026/03/18/ai-power-demand-creates-high-likelihood-high-impact-grid-risks-00833355.

[24] Initial Filing at 7.

[25] Initial Filing at 10 (suggesting that Minnesota Power will offer updates to the LP tariff in ESA or rate case dockets in the future).

adding unfinished business on hyperscale data centers to the docket in violation of the deadline set out in Minn. Stat. § 216B.1622, Subd. 1.

As such, the Commission should reject this petition with instructions to Minnesota Power on how to refile, including but not limited to:

- The limit for entering this "very large customer" class should be *very large*—presumably 100 Megawatts unless the Commission has another more appropriate limit in mind.
- All incentives and class costs that are established to benefit LP customers should not automatically be applied to benefit very large customers.[26] For example, there should be no demand discounts for facilities that will utilize new baseload resources and transmission.
- Very large customers, though they normally can be required to have consistent utilization, should be expected to operate with very limited guaranteed firm capacity, backing up their own operations with the ability to ramp down when needed and operate on energy storage when emergency strikes.[27] Unlike all existing LP customers, hyperscale data centers can and will move compute loads out of the state within seconds if it benefits their bottom line—this technology for rapid load loss should also be deployed to serve Minnesota Power's system and other customers.
- The duration of ESAs should be designed to protect host communities from early departure if a facility does not continue to operate as long as promised payments (often offered to induce property tax abatement).[28] In the case of the Google hyperscale data center in Hermantown, this would mean an ESA duration of at least 28 years.[29]

IV. Conclusion

States are already walking away from incentivizing hyperscale data center development.[30] The Commission should not assume that this industry will ever be granted lasting tax benefits or

[26] Initial Filing at 9 ("Under the LP Service schedule, all customers are billed based on existing base rates and all applicable riders and adjustments as approved by the Commission.").
[27] Demand response for very large customers ideally should greatly exceed "approximately 15 percent of peak load," and should be available for a significant portion of the year, to benefit other customers' uninterrupted service, including LP customers. *See* Initial Filing at 10.
[28] It is likely not sufficient to offer the same duration of 10 years of coverage in an ESA and the Commission may want to extend this to the same time period as any promised payments the company has offered to a host community. Initial Filing at 9 ("new very large customers are obligated to an initial term of at least 10 years, with multi-year termination notices required.").
[29] Jana Hollingsworth, *Google wants millions in tax rebates for Hermantown data center*, Star Tribune, Apr. 29, 2026, https://www.startribune.com/google-wants-millions-in-tax-rebates-for-hermantown-data-center/601795922.
[30] Jason Plautz, Jeffrey Tomich, *Data centers used to be a prize. States are having second thoughts*, E&E News, https://www.eenews.net/articles/data-centers-used-to-be-a-prize-states-are-having-second-thoughts-2/ ("But now a growing number of states are tempering their enthusiasm. Of

incentives in our constitution, or long-term discounts for energy rates, which the legislature decided in 2025 will be subject to sales tax for data centers going forward.[31] It would be imprudent to risk the industries that Minnesota grew up with by putting them in the same customer class as a new industry that has no serious ties to our workforce, raw materials, or land.

CURE appreciates the opportunity to provide public comments on this topic.

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the 38 states that currently offer incentives to the data center industry, at least 28 of them have weighed legislation this year to end or shrink those benefits, according to the National Conference of State Legislatures, a nonpartisan research group.").

[31] *Id.* ("Officials in other states have pursued similar ideas. Washington state this year nixed a policy that let data center operators avoid sales taxes for replacement equipment. Minnesota last year scrapped tax exemptions for electricity costs.").