
APPENDIX R: STAKEHOLDER ENGAGEMENT

Minnesota Power (or the “Company”) has served central and northern Minnesota for over a century and has a long history of thoughtful and intentional stakeholder engagement. Minnesota Power was the first utility in the state to develop formal Community Advisory Panels (“CAP”) in host communities nearly a decade ago. These CAPs remain active today and their members participated in this 2021 Integrated Resource Plan (“2021 IRP”) stakeholder engagement process. When developing the 2021 IRP, which includes a Baseload Retirement Study and Securitization Plan, it was critically important to the Company to engage customers, communities, advocates, local governments and other stakeholders who would be directly affected by any energy system changes. This 2021 Plan was directly informed by and reflects the insights from the over 70 participants in its year-long stakeholder engagement process.

As part of its approval of Minnesota Power’s 2015 Integrated Resource Plan (“2015 Plan”), the Minnesota Public Utilities Commission (“Commission”) required that: “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 the Clean Energy Organizations, regarding the Company’s modeling inputs and parameters.”¹The stakeholder process, summarized in the attached report, both informed the development of this 2021 IRP and meets this specific Commission requirement.

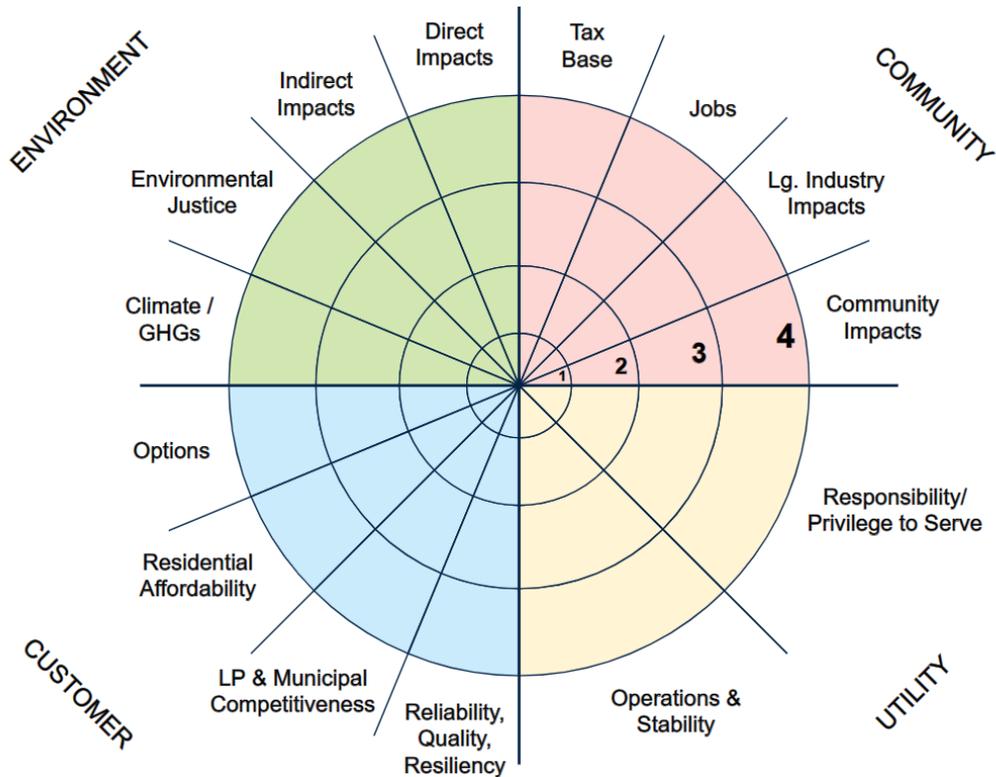
Stakeholder Process and Report

In late 2019, Minnesota Power began a first-of-its-kind stakeholder process for the 2021 IRP and Baseload Retirement Study (included at Appendix P). The over year-long process brought together a diverse group that included customers, regional, and statewide stakeholders to discuss Minnesota Power’s system, regional energy needs, and expectations of customers. The stakeholder meetings allowed participants the opportunity to provide their perspectives regarding Minnesota Power’s future energy mix and the impacts of transitioning the current power system. To independently facilitate the stakeholder process, Minnesota Power engaged the Center for Energy and Environment, the Great Plains Institute, and Lasky Consulting (“Facilitators”). Minnesota Power appreciates the time the stakeholders and facilitators dedicated to this process and their flexibility as the process adapted to the impacts of the COVID-19 pandemic.

While the full stakeholder report is included as part of this Appendix R to the 2021 IRP, in summary, the extensive stakeholder process gathered the priorities, insights and feedback from over 70 diverse stakeholders representing various customer groups, environmental organizations, economic development entities, local government, industry, the host community and more. In order to organize stakeholder feedback in a way that could be used to inform the development of this plan, participants were asked to identify and define the issues they cared about most, including what a “best case” and “worst case” future situation might look like for each. These issues were captured in a first-of-its kind Issue Map that captured metrics within four broad categories: customers, host communities, the environment and the grid. An example, blank Issue Map is provided below in Figure 1.

¹ Docket Number E-015/AI-17-568.

Figure 1. Blank IRP Issue Map



Minnesota Power used this forward-looking Issue Map, along with other insights and feedback from stakeholders, to develop a plan that was responsive to what stakeholders shared was important to them. The Company recognizes the immediate challenge of climate change, as also expressed by stakeholders, and took bold steps in this preferred plan (“2021 Plan”) to continue to lead the state in the amount of renewable energy in its portfolio and continue its path towards a carbon-free energy future. Additionally, the Company heard clearly from stakeholders that affordability and reliability are key considerations, especially unique for northern Minnesota’s energy intensive, price-sensitive and globally-competitive industries. Finally, this stakeholder process captured the voices of Cohasset—Boswell Energy Center’s (“BEC”) host community—whose voices are not traditionally heard at the Commission in St. Paul. Minnesota Power recognizes Cohasset’s unique position as the smallest and most geographically isolated coal plant host community in the state, and the significant economic impact BEC has on the region. With this in mind, Minnesota Power is presenting a plan that proposes a thoughtful and just transition of the BEC for employees and its host community.

Diversity, Equity and Inclusion (“DEI”)

Through engagement in this process and by collaboratively working toward creating what would become the Issue Map, stakeholders brought forth a number of issue areas and specific concerns (e.g., Issue Area: Customer, Issue: Residential Affordability). Many of the specific issues identified by stakeholders are outside the traditional scope of an IRP as defined by statute and Commission orders. However, one item appeared in all issue areas (Customer, Host Community, Environment and Utility), and that was equity and/or environmental justice. While Minnesota Power’s 2021 IRP does not specifically address these issues, the Company believes

they are important considerations to work to address outside the formal IRP process and provides the brief update below on current activities.

Creating a more diverse and equitable workplace is an important part of Minnesota Power's sustainable path to a cleaner energy future. In 2019, Minnesota Power participated in the Energy Utility Diversity Group ("EUDG"), which was a stakeholder group that convened to examine both the challenges and opportunities for energy utilities in Minnesota to attract a diverse workforce and to increase diversity within its supply chain.² Minnesota Power is proud to share that it has taken action on each recommendation in the EUDG report on increasing supplier diversity as it developed its most recent solar projects.³ These changes will lay the foundation for procurement processes that encourage the participation of more diverse suppliers in the future.

The Company is also equally committed to DEI efforts in its workforce and wants to ensure that the workplace culture is free of harassment and discrimination and one where employees treat each other with fairness, dignity and respect. In 2019, the Company launched the Respect in the Workplace initiative to further raise awareness and drive accountability, which includes annual education and ongoing discussions of Minnesota Power's commitment to building respectful relationships and managing bias. In the summer of 2020, ALLETE President and CEO, Bethany Owen, wrote to all employees expressing that standing up against racial inequality, discrimination and hatred is consistent with living the Company's values. That email expanded and elevated an important conversation within the Company and between employees. Today, Minnesota Power is listening, engaging with others and taking specific steps toward meaningful change as the Company strives to create a more diverse and equitable workplace.

Most recently, in January 2021, ALLETE internally unveiled a formal DEI framework for all ALLETE businesses, including Minnesota Power. Three key areas of effort were identified in which the Company will advance: workforce, supply chain, and ALLETE as a community citizen. These key focus areas advance DEI for both employees and communities in the following ways:

- Workforce: Increasing staff diversity enriches the Company culture. Minnesota Power employees, like the communities the Company serves, operate in an increasingly diverse society, and the company's workforce needs to reflect the diversity of its communities, promote inclusivity and be equitable.
- Supply Chain: Through investments and purchasing decisions, Minnesota Power can support diverse businesses and participate in the development of a healthier and more equitable economic system.
- Community Citizen: As a leader and essential resource in communities, the Minnesota Power Foundation has a responsibility to be responsive to the community needs through the distribution of grants. We strive to strengthen our ability to recognize and respond to these diverse needs in order to maintain the highest quality of life in increasingly diverse communities.

² The EUDG was created to comply with Minnesota Session Laws, 2019, First Special Session, Chapter 7, Article 11, Section 13. The law required the group to issue a report to the Legislature by January 15, 2020, identifying findings and recommendations for establishing a more diverse workforce and increasing supplier diversity within the energy utility sector. For more information, see Energy Utility Diversity Stakeholder Group Report (Jan. 15, 2020), Docket No. E,G-999/CI-19-336.

³ Docket No. E015/M-20-828.

While some initial tactics have been identified and are being implemented, the current focus is to listen to employees and community partners to better understand where the Company can make the greatest difference. Through the formal stakeholder process, Minnesota Power heard that equity was an important concern for stakeholders and a key factor to consider all of its work, and the Company is pleased to provide this update on recent DEI activities.

Minnesota Power Customer Survey

Minnesota Power made great efforts to engage interested customers, communities and stakeholders to gather their input, and designed a 2021 Plan that is responsive to what it heard is most important: taking meaningful action to reduce carbon, ensure affordable and reliable service, and continue to invest in the health of local communities. The Company made efforts to reach customers and stakeholders through alternative means during the COVID-19 global pandemic, including pivoting the formal stakeholder process from in-person to virtual meetings and sending out an online survey to every Minnesota Power customer.

While there are a number of actively engaged stakeholders that participated in the formal stakeholder process, the Company recognizes many other customers may have thoughts on their energy future but do not have the time or expertise to participate in a formal regulatory process. Therefore, in addition to the formal facilitated stakeholder process, Minnesota Power directly engaged all customers in November 2020, through a survey in order to better understand their opinions and preferences related to their future energy supply.⁴ The customer survey included questions regarding system reliability, affordability, carbon-free renewable energy goals, and local economic impacts. The following is a summary of the customer survey results.

- 2,285 surveys were completed.
- 96% of survey respondents were Minnesota Power Customers.
- 79% of respondents were very or somewhat concerned about the affordability of electricity.
- 68% of respondents were very or somewhat concerned about the environmental impacts of electricity.
- 51% of respondents were very or somewhat concerned about Minnesota Power's ability to provide reliable power.
- Looking ahead to 2050, 47% of respondents want all or nearly all of Minnesota Power's electricity to come from renewable energy sources.
- 65% of respondents believe it is important or very important that new energy generation facilities like wind and solar are built in Minnesota Power's service territory, even if it results in higher costs to their bill.

Demographic questions were also included in the survey. A majority of respondents were 55 or older (53%), White or Caucasian (96% of respondents who selected a race or ethnicity), live in the City of Duluth or surrounding area (58%), and have incomes during the pandemic that allow them to manage their finances.⁵

⁴ Surveys were distributed through bill messages, emails to customers registered in the MyAccount program, social media, and the Minnesota Power website.

⁵ When asked, "Thinking about your household finances, how would you describe your financial situation?" Respondents answered: 8% - prefer not to answer, 5% - Monthly expenses are exceeding income, 36% - meeting

As stated above, the Company values input from all interested parties, and has created a 2021 Plan that is responsive to customers, communities, and the climate.

monthly expenses but putting aside little to no savings, 35% - managing comfortably while putting some money aside, 16% - managing very well.