

October 21, 2025

Attn: Hermantown Elected & Appointed Officials
505 Maple Grove Rd
Hermantown, MN 55811

Dear Honorable Mayor, City Councilors, and Planning & Zoning Commission Members,

Thank you for the opportunity to provide comments related to the proposed data center project in Hermantown. At Minnesota Power, we take our obligation and privilege to serve any new potential customer that locates in our service territory, whether that be a home, small business, or large industry, very seriously. For over a century, Minnesota Power has proudly and reliably served our communities and some of the nation's largest industrial customers, including taconite mines, paper mills, and pipelines.

As part of our critical responsibilities, Minnesota Power has built, maintained and provided robust electric infrastructure and expertise to serve the needs of the communities of Northeast MN. There have been important and essential upgrades, modernization and expansion to our systems as we have grown with the broad region we serve. Electric infrastructure projects are designed to serve our current customer mix and any new customers with reliable and increasingly carbon-free energy around-the-clock. Our customer reliability and service metrics are consistently top tier and are widely recognized.

Minnesota Power rigorously studies all new large customer connection requests to its system to ensure grid stability and reliability for all customers. The proposed data center project has requested to be interconnected to the system just east of the existing Arrowhead Substation in Hermantown. Large new customers, such as data centers, are required by law to ask Minnesota Power to study the impacts of their request and identify grid upgrades needed to reliably serve them. Any new large customer is, by contract, responsible for costs related to the studies, which can take months to complete, as well as all system upgrades required if they move forward with their project. These costs by contract are not passed on to existing residential or commercial customers.

More broadly Minnesota is part of a large regional regulated electricity market, which ensures careful grid planning for load growth and protects customers when large new customers connect to the grid. In 2025, Minnesota passed landmark legislation governing data centers, requiring them to cover their own development and energy costs—ensuring these expenses aren't passed on to other customers. These new and protective laws also include nation-leading standards for water use, environmental impact, and clean-energy compliance, making Minnesota's data center regulations among the strongest in the country.



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Often, adding new large customers helps keep electrical costs down for other customers because when they join our system they shoulder a share of the fixed costs of the existing electrical infrastructure. Spreading the fixed costs of the system among all customers in this manner helps keep costs lower. Minnesota Power is also required by the Minnesota Public Utilities Commission to file an analysis based on the projected revenue from a new customer and any incremental costs to serve them with new generation resources (such as wind, batteries, etc.). If the cost to serve a customer is more than what they will pay in electric bills, it is the new customer's responsibility to pay the difference and protect customers against stranded costs if they leave the system.

Power supply is an integral part of reliably serving customers and Minnesota Power was the first utility in the state to deliver over 50% renewable energy to our customers. Our EnergyForward strategy has been going strong for over a decade identifying our pathway to a sustainable and affordable electric supply. The publicly filed Integrated Resource Plan outlines our path to meeting the state requirements included in the 100% carbon-free by 2040 statute, including new renewable projects, energy storage, demand response programs, and reliable dispatchable generation to replace coal. This strategy is in motion and will continue – even with the addition of new large customers like the one proposed in Hermantown. Our plans are flexible and adapt to new customers that desire to locate in the region. Specifically, data centers, by law, cannot compromise these reliability and sustainability goals. In fact, many leading data center companies have their own carbon-free targets and are driving innovation further and faster in clean energy nationwide.

Minnesota Power is confident in the reliability of our grid, committed to achieving our carbon-free goals, and proud to support new economic investment in our region. Our strong and talented team is ready to assist with any questions as you continue through these early stages of public process related to the project. We thank you for your public service and consideration of the Hermantown data center proposal.

Sincerely,

Josh Skelton
ALLETE Vice President & Chief Operating Officer – Minnesota Power