

Agenda

- About Minnesota's Power Plant Impact Study
 - Audrey Partridge, Center for Energy and Environment
- Issues for Power Plant Cities
 - Shane Zahrt, Coalition of Utility Cities
- Issues for the Prairie Island Indian Community
 - Heather Westra, Prairie Island Indian Community
- Issues for Power Plant Workers
 - Jessica Looman, Minnesota State Building and Construction Trades Council

June 12, 2020

MINNESOTA'S POWER PLANT COMMUNITIES: AN UNCERTAIN FUTURE

Audrey Partridge

Manager of Regulatory Policy

CEE's Mission and Values

To discover and deploy the most effective energy solutions that strengthen the economy and improve the environment.

WE STAND FOR

- ✓ Collaboration
- ✓ Community
- ✓ Science
- ✓ Expertise
- ✓ Integrity
- ✓ Equity



About Minnesota's Power Plant Impact Study



•• Study funders

- Just Transition Fund
- Coalition of Utility Cities
- Initiative Foundation
- Southern Minnesota Initiative Foundation
- West Central Initiative Fund
- Xcel Energy
- Center for Energy and Environment

Host Community Study Context

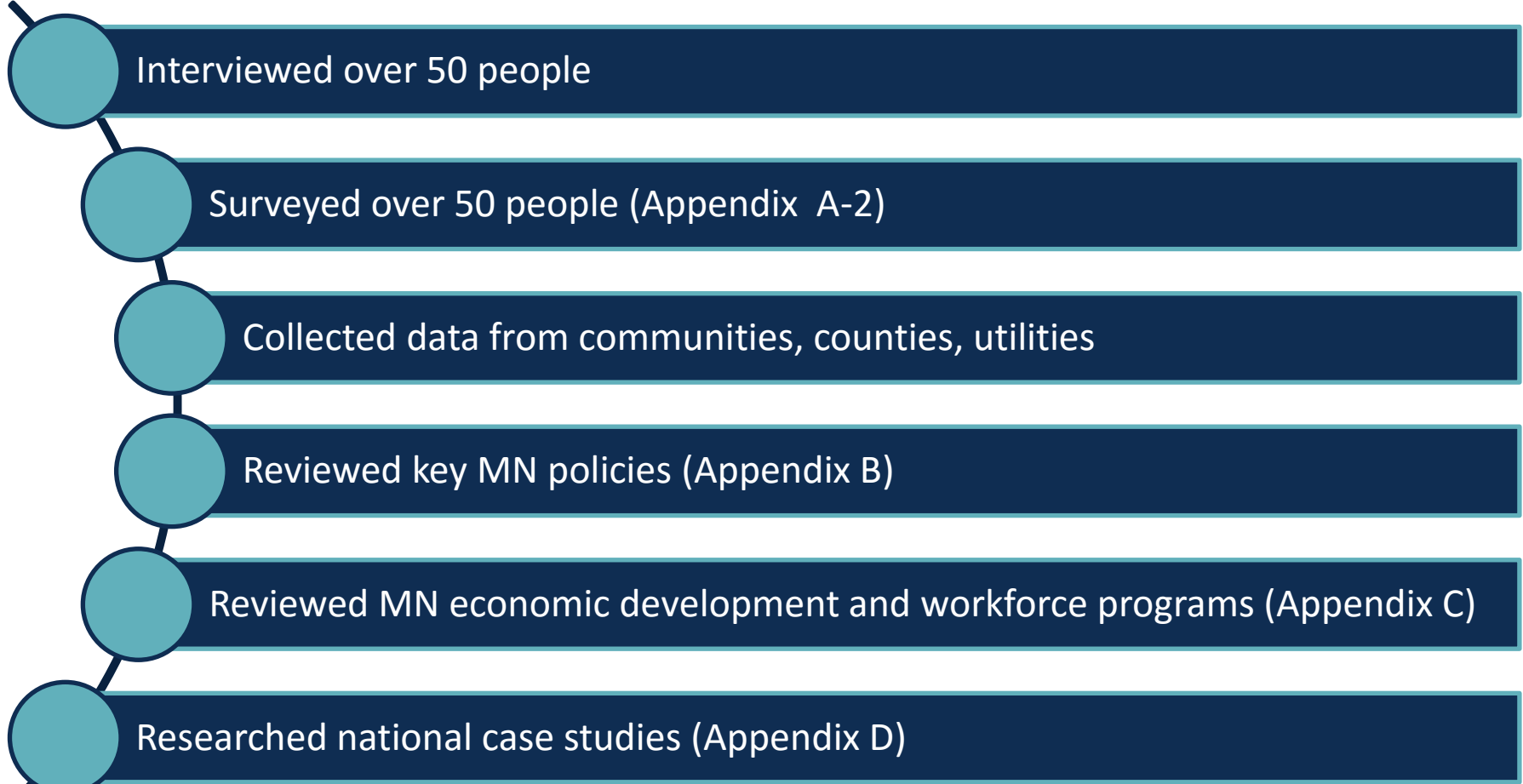
- Over half of Minnesota's electric generation is eligible for retirement in the next 20 years.
- Changing economics, aging infrastructure, and environmental policy are driving a decline in centralized power plants – especially coal-fired plants.
- Minnesota's host communities and power plant workers face significant uncertainty around the state's energy transition

•• Two Separate Studies

- CEE's Minnesota Host Community Study
 - Planned and scoped with community representatives
 - Initially to be qualitative (interviews and survey)
 - Evolved based on community needs to include some quantitative data as well
- University of Colorado at Boulder Minnesota Utility Economic Impact Study
 - Used a net analysis to compare different retirement scenarios to currently approved resource plan retirement dates.
 - Shows direct and indirect dollar impact of plant retirement scenarios for state and county
 - Shows direct and indirect job impact of plant retirement scenarios for state and county

<https://www.mncee.org/resources/projects/power-plant-transition-in-host-communities/>

CEE's Minnesota Host Community Study - Methodology





The Power Plants

Power Plants Studied



•• About the Power Plants

Community	County	Power Plants	Utility Owner	Fuel	Year Built	Estimated Retirement
Becker, MN	Sherburne	Sherburne County Generating Station 1, 2, 3	Xcel Energy	Coal	Mid-1970's, 1987	2023*, 2026*, 2030 (unit respective)
Cohasset, MN	Itasca	Boswell Energy Center 3, 4	Minnesota Power	Coal	1973, 1980	2035 [†] , 2036 [†] (unit respective)
Monticello, MN	Wright	Monticello Nuclear Generating Station	Xcel Energy	Nuclear	1971	2040
Oak Park Heights, MN	Washington	Allen S. King Plant	Xcel Energy	Coal	1968	2028
Red Wing, MN	Goodhue	Prairie Island Generating Station 1, 2	Xcel Energy	Nuclear	1973, 1974	2033, 2034 (unit respective)
Prairie Island Indian Community						

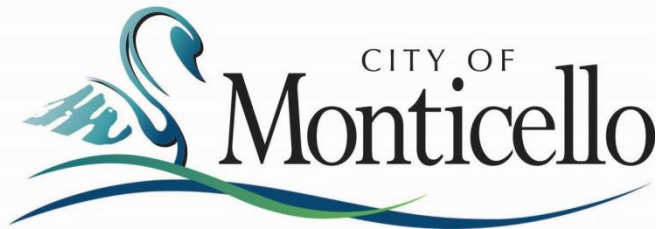
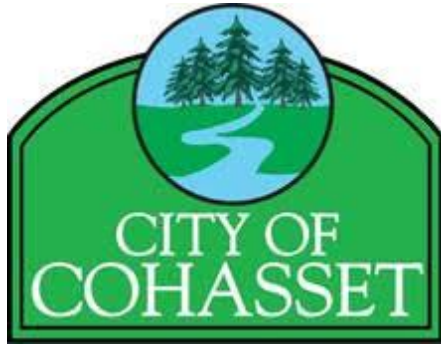
*Indicates approved retirement date

[†]Indicates date of full depreciation (or accounting lifetime)

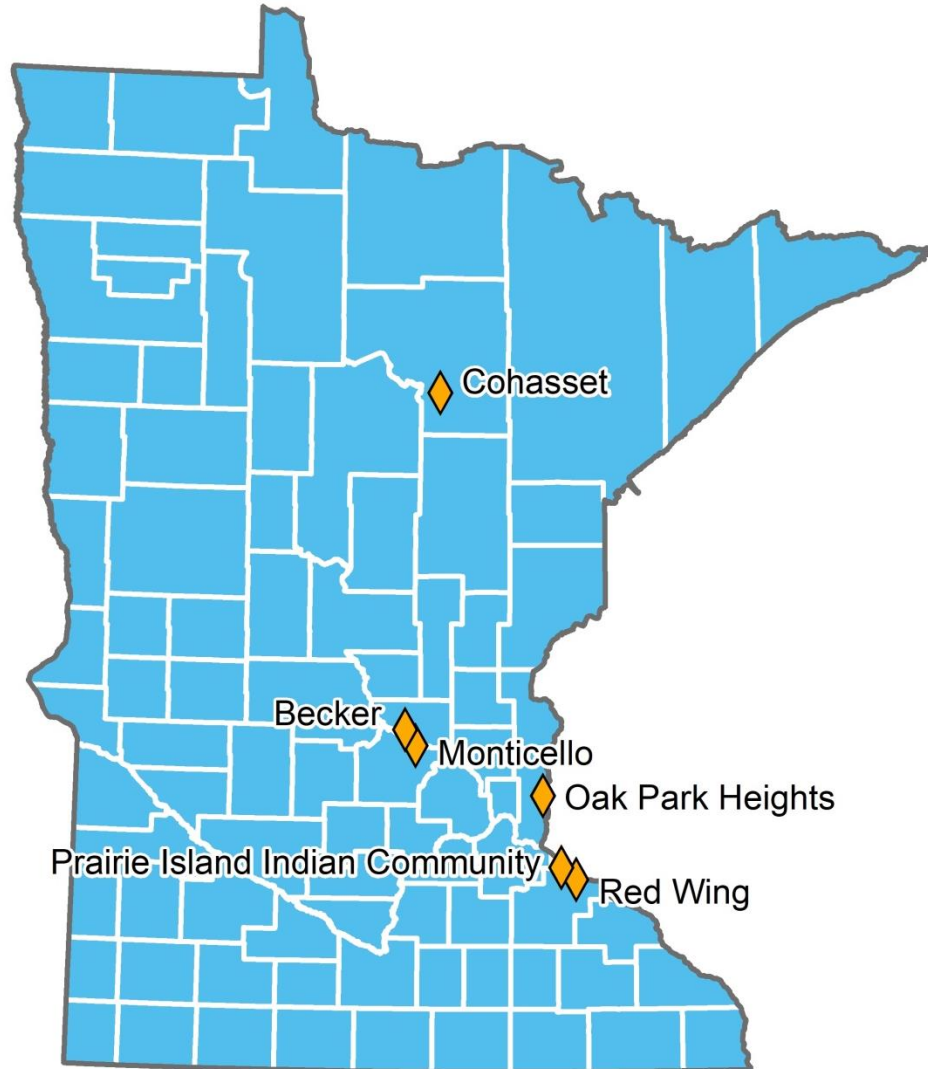


Minnesota's Power Plant Communities

•• Minnesota Host Communities



•• Minnesota Host Communities



• About the Communities

Community	Community Population	County	County Population
Becker, MN	4,800	Sherburne	94,600
Cohasset, MN	2,700	Itasca	45,200
Monticello, MN	13,600	Wright	134,286
Oak Park Heights, MN	4,900	Washington	256,348
Red Wing, MN	16,500	Goodhue	46,304
Prairie Island Indian Community	200*	Goodhue	46,304

*Approximately 200 tribal members live on the Prairie Island Indian Community reservation. There are approximately 1,000 members of the Prairie Island Indian Community in total.

❖ Plant Contribution to Tax Base, %

Community	Becker	Cohasset	Monticello	Oak Park Heights	Red Wing	Prairie Island Indian Community
City	75%	69%	56%	38%	54%	0
County	15%	13%	9%	<1%	22%	0
School District	57%	19%	46%	5.3%	47%	0



• Contributions to the State and Regions

- Local Government Aid
 - MN state policy that provides property tax relief
 - Host communities receive little to no LGA funding
- Fiscal Disparities
 - MN has two fiscal disparity programs - Metro and Iron Range
 - Program to share property taxes from commercial and industrial development with region
 - Currently the power plants are large contributors



Minnesota's Power Plant Workers

•• Minnesota's Power Plant Workers

- Electricians
- Boilermakers
- Laborers



Laborers'
International
Union of
North America

LIUNA!

Feel the Power

• Average Jobs and Wages at the Plants

Power Plant	Number of Full-time, Direct Employee Jobs	2018 Average Annual Base Wages per Power Plant	2014–2018 Minnesota Median Household Income (2018 Dollars)
Sherburne County Generating Station	301	\$88,556.39	\$68,411
Boswell Energy Center	170	\$88,317.25	
Monticello Nuclear Generating Station	460	\$108,990.86	
Allen S. King Generating Station	87	\$92,830.97	
Prairie Island Nuclear Generating Station	600	\$109,023.41	

^[1] “Minnesota Compass.” U.S. Census Bureau. Accessed January 28, 2020. <https://www.census.gov/quickfacts/fact/table/MN/INC110218#INC110218>

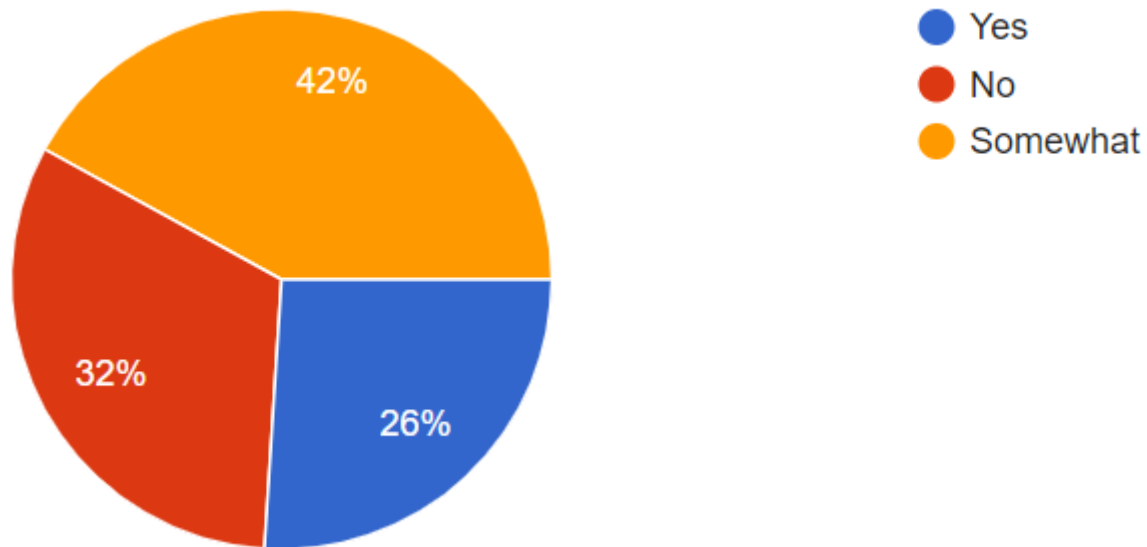
• Union Jobs at the Plants

Power Plant	International Brotherhood of Electrical Workers	Building Trades	Total Permanent Unionized Plant Workers	Short-term Maintenance Workers
Sherburne County Generating Station	250	50	300	150–200
Boswell Energy Center	116	0	116	10
Monticello Nuclear Generating Station	185	15	200	230
Allen S. King Generating Station	75	10	85	75–100
Prairie Island Nuclear Generating Station	322	69	391	230

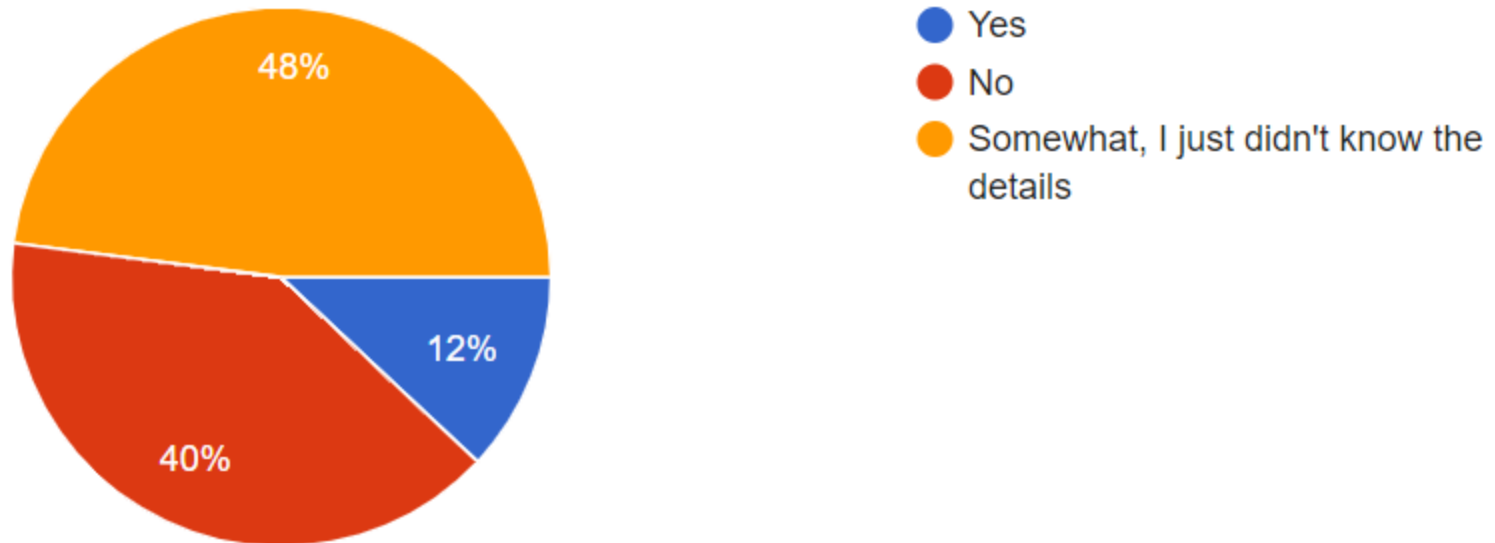


Public's Familiarity with the Regulatory Process

Survey Results: Are you familiar with the role of the Minnesota Public Utilities Commission?



•• Survey Results: Are you familiar with the utility resource planning process?





Findings and Conclusions

• Findings and Conclusions

- Power plants play an important role in building vibrant, stable communities in Minnesota.





• Findings and Conclusions

- Minnesota's host communities are currently pursuing a range of strategies to plan and prepare for power plant closures.
- None of those strategies are expected to fully offset the economic impact of a plant closure, but they may help mitigate the negative effects.

• Findings and Conclusions

- Planning and preparing for community transitions related to power plant closures requires a long time horizon.



• Findings and Conclusions

- Uncertainty or lack of information around the timing of a plant closure poses additional challenges for communities and workers.



• Findings and Conclusions, continued

- Workers, labor unions, and communities have many shared interests, concerns, and considerations. They may benefit from collaboration and coordination.



• Findings and Conclusions, continued

- Power plant jobs are uniquely high in quality and hard to replace.



• Findings and Conclusions, continued

- Not all Minnesota host communities receive benefits from the power plant they host.





*Thank
you!*



Host Communities in Transition

Shane Zahrt, Flaherty & Hood, P.A.

June 12, 2020

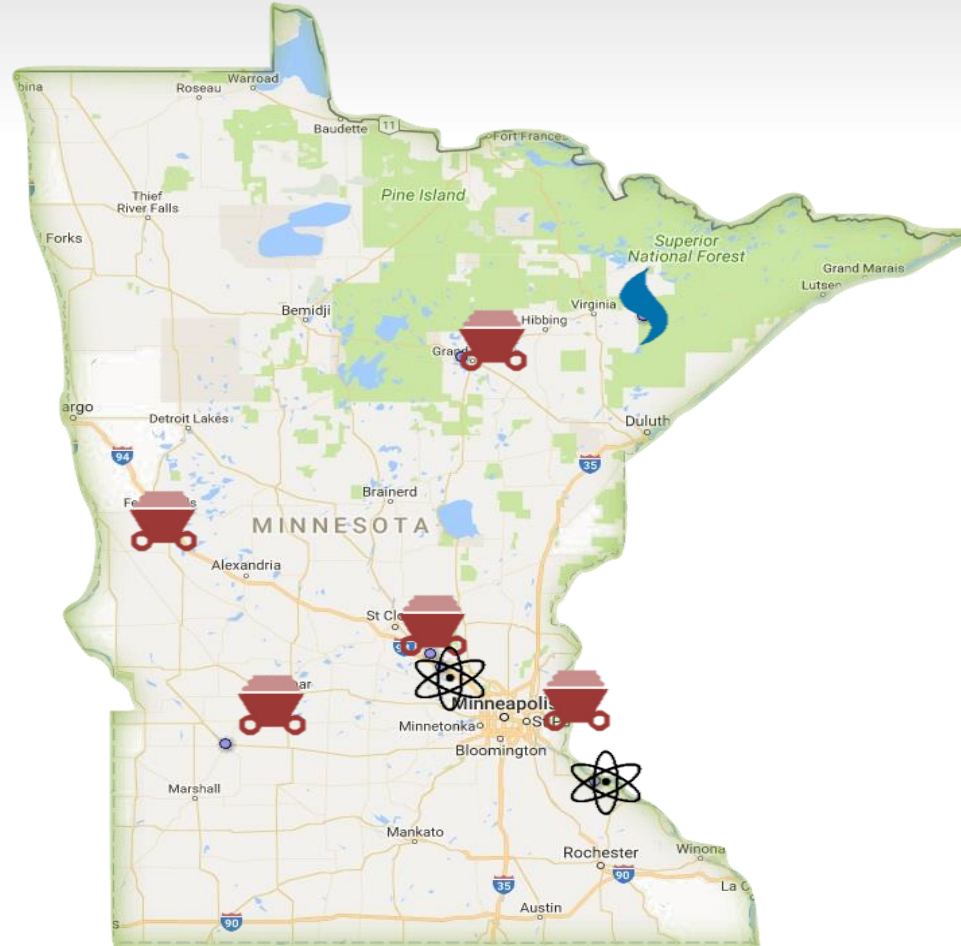
What is the Coalition of Utility Cities?

- The Coalition of Utility Cities is a group of 8 cities that host large, baseload power plants owned by Investor-owned utilities
- 2 Minnesota Power; 5 Xcel; 1 Ottertail Power
- 5 host coal plants; 2 nuclear; 1 natural gas



CUC Members

- Becker
- Cohasset
- Fergus Falls
- Granite Falls
- Hoyt Lakes
- Monticello
- Oak Park Heights
- Red Wing



About CUC

- Formed in 1997
- Cities formed the Coalition to have their interests represented at the legislature
- Historically focused on taxation
- Cities collectively represent over 60,000 residents



Hosting plant comes with burdens

- Infrastructure costs
- Safety & preparedness
- Land use implications
- Economic development challenges



But also benefits

- Largest property taxpayers
- Major employers
- Utility & plant employees tied into every aspect of civic life



Community Goals in Transition

- Protecting local taxpayers and residents from bearing the brunt of plant retirements
- Working to re-shape communities for post-plant life
- Maximizing existing assets to develop for the future



What brought CUC to this study

- The unknowns that keep community leaders up at night
 - Replacing economic impact of plants
 - Impact on local housing markets
 - Impact on local philanthropy community
 - Impact on school systems
 - What are the other questions we should be asking?



Building on the study's findings and conclusions

- It is impossible to fully replace the impact of the plant
- Viable options for new development rarely address more than one aspect of the local impact
- Successful transition will look different for each community, but common threads exist



Building on the study's findings and conclusions

- Communities are working proactively, but they can't do it alone
- Limited tools are available to local policymakers, and state tools need enhancements
- The state needs a coordinated, collaborative response to community and worker transitions



What choices do cities face when plants retire?

- When a plant retires, the taxable value attributable to utility “personal property” vanishes from local tax base
- Local elected officials face a daunting set of choices:
 - Allow residential and business property taxes to skyrocket
 - Cut vital city services (parks, police, fire, business supports)
 - Defer infrastructure projects





Community Profiles

Becker – “The town that Sherco built”

Sherburne County Generating Station, or “Sherco”

- Population:
 - Approximately 4,800
- Tax impact of utility property:
 - Around 77% of city budget
- Jobs
 - 301 plant employees
 - \$88,556 average annual wage



Red Wing

Prairie Island Nuclear Generating Station

- Population
 - Approx. 16,500
- Tax impact of utility property
 - 54% of city budget
- Jobs
 - Approximately 600 plant employees (more during planned outages)
 - \$109,023 average annual wage



Monticello

Monticello Nuclear Generating Station

- Population:
 - 13,600
- Tax impact of utility property:
 - 50%
- Jobs
 - 460 plant employees
 - \$108,991 average annual wage



Oak Park Heights

Allen S. King Coal Plant

- Population:
 - Approximately 4,900
- Tax impact of utility property:
 - Over 39% of city budget
- Jobs
 - Approximately 120 employees
 - \$92,831 average annual wage



City of Oak Park Heights



Oak Park Crossing Park



Challenges for post-plant development

- Replacing lost tax base
- Land Use Concerns
 - Plant's footprint will be significant even after facility is retired
 - Coal ash storage limits options for redevelopment
 - Significant portions of St. Croix shoreline are not developable
 - Significant transition line system currently limits options for development



Cohasset – Clay Boswell Energy Center

- Population: 2,700
- Tax impact of utility property:
 - 69% (2019 – prior to the retirement of 2 units)
- Jobs
 - 170 employees
 - \$88,000+ average annual wage



Cohasset

- The impacts of retiring Boswell units 1 and 2 hit Cohasset taxpayers hard in 2020:
 - 2020
 - \$9.1M city tax base
 - Boswell = 54.4%
 - 2019
 - \$11.3M city tax base
 - Boswell = 69.3%



Lake Country Service Center Project

- Largest economic development project in recent memory
- Opened October 2019
- \$12.8 million investment
- 65 full-time jobs



City of Cohasset

Boswell
Tax
Capacity



What do communities need?

- Time
- Local partnership and collaboration with peers
 - Ex. – King Plant Advisory Panel
 - Sharing best practices
- Enhanced state assistance
 - Accommodations within existing programs (Local Government Aid; Fiscal Disparities)
 - Additional assistance in protecting local taxpayers



What do communities need?

- Access to Economic Development Opportunities
 - State grant programs (Ex. “Community Energy Transition” grants)
 - Partnership with utilities and to seek new opportunities
- A seat at the table
 - Discussions about climate change/clean energy transitions must include communities and workers



What do communities need?

- Communities need specifics
 - Clear communication on timelines
 - Commitments from utilities on:
 - Economic development support
 - Plans for plant site/facilities, including clean up
 - Support and accountability from policymakers/regulators





Thank you

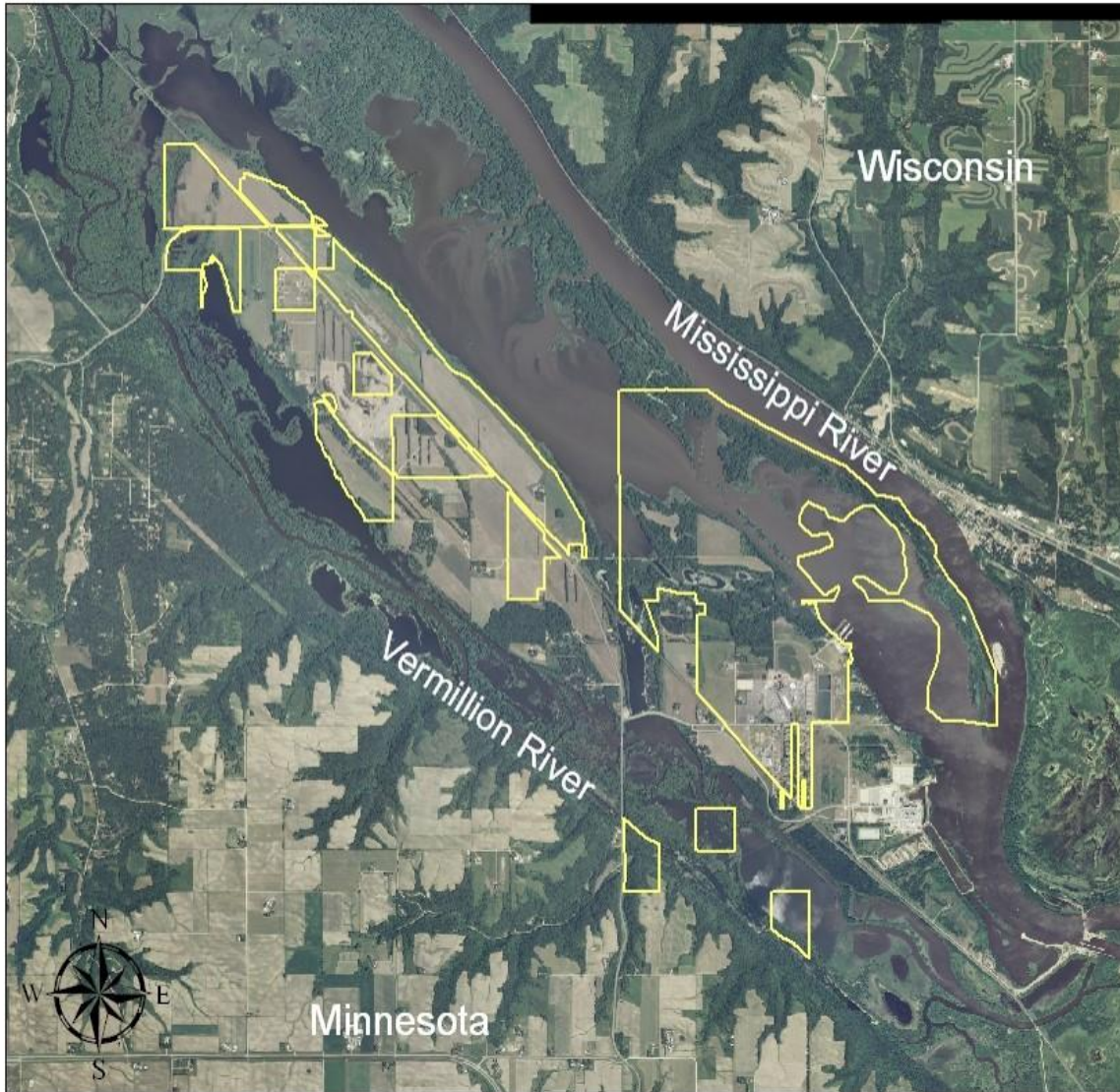


Prairie Island Indian Community

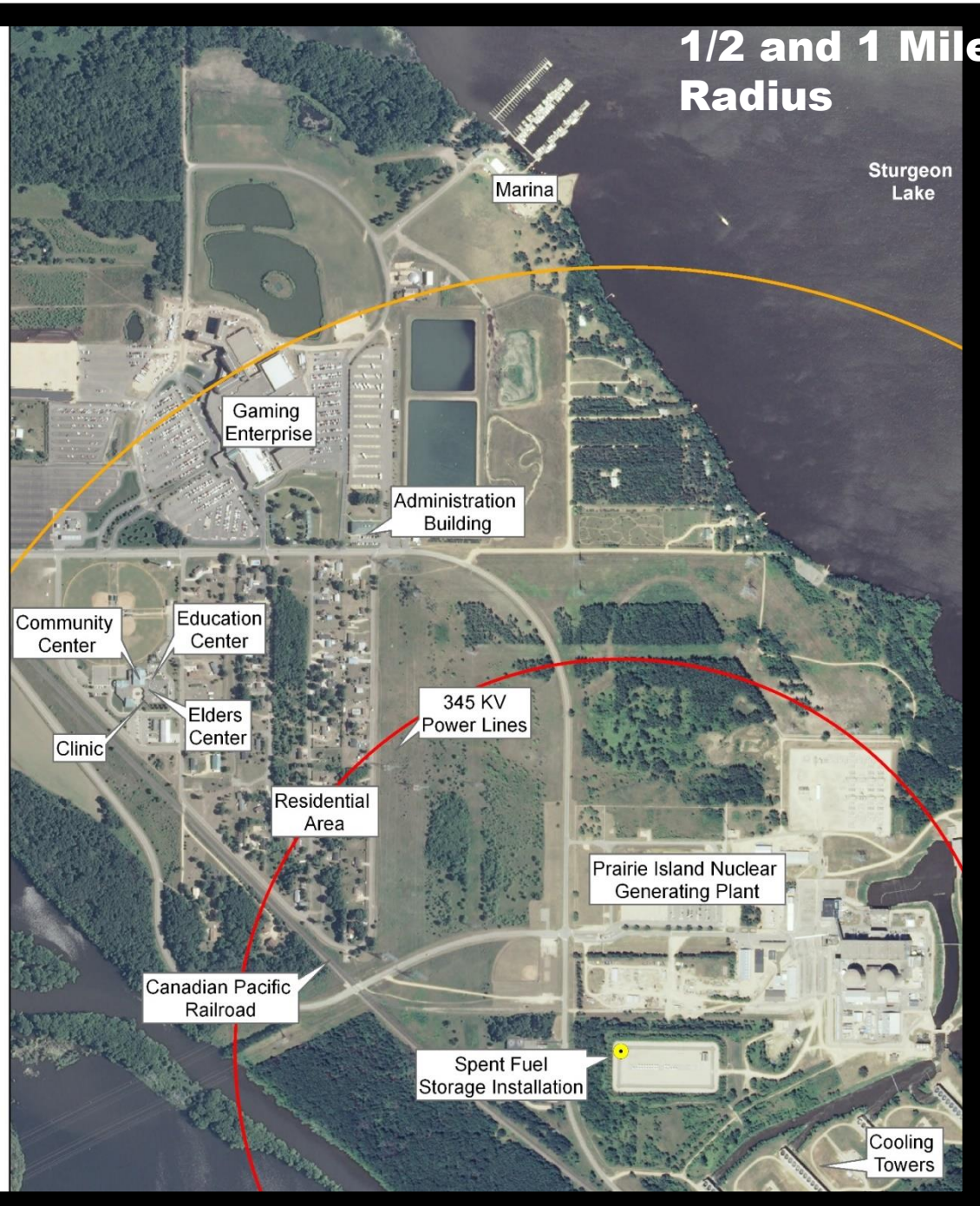
A Non-Traditional Host Community

Heather Westra

Prairie Island Indian Community



1/2 and 1 Mile Radius



PINGP < 1 mile from PIIC's Lower Island reservation area and ISFSI about 600 yards from nearest homes





Photo By: Mark Fredrickson

Traditional Host Community Benefits

Economic Engines

Jobs—high wage, often largest employer

Expanded tax base—largest single source of tax revenue

Infrastructure improvements—

Roads, bridges, schools, water and waste water

Community Infrastructure

Support for the arts, community events, volunteers

***Non-Traditional* Host Community Impacts**

Cultural impacts

Archaeological sites damaged/destroyed during construction

Potential economic impacts

Increased risk and community fear

Financial costs to community

Uncertainty

Future of PINGP

Stranded fuel

Thank you!

Questions?

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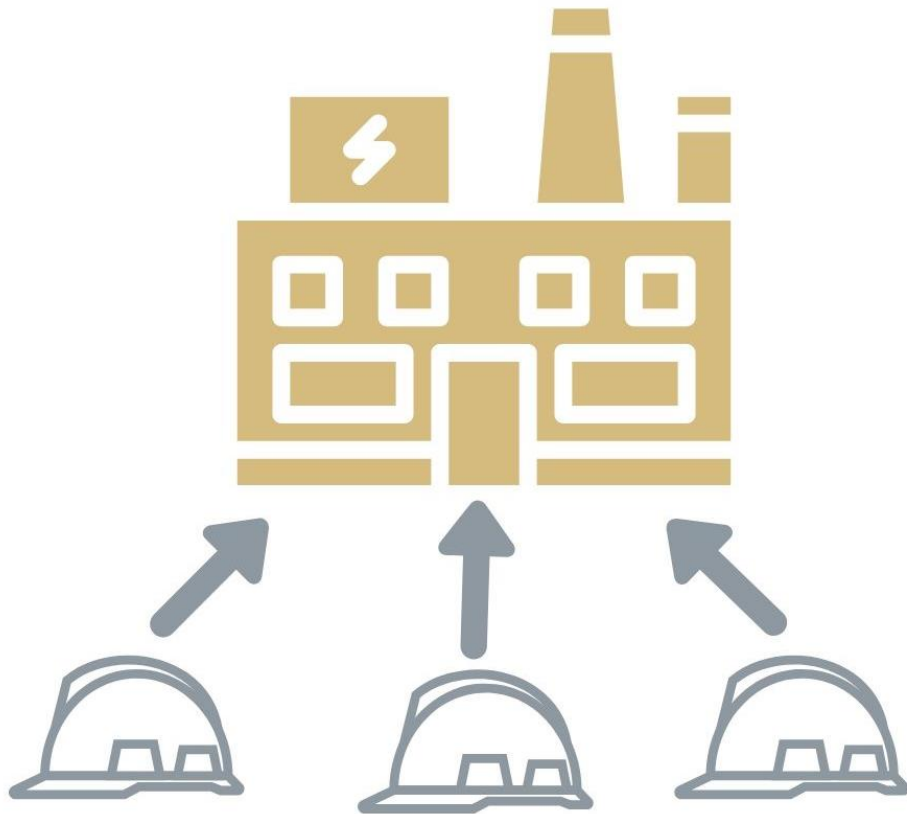
Minnesota Building Trades By-the-Numbers



70,000
members in
Minnesota

- 17 construction trades
- 48 affiliated local unions
- 9 regional councils
- 52 privately funded training programs
- 10,000 registered apprentices
- 2,100 signatory contractors and employers

Power Plant Workforce



IBEW Plant Workers	Building Trades Plant Workers	Total Plant Workers	Annual Average Salary
948	144	1,092	\$97,543

Building Trades Contracted Maintenance Workers

700 – 1,200

A Beneficial Energy Transition for Minnesota



- **Climate Change must be addressed.**
- **Investments must be made** in the operations, maintenance and repair of Minnesota's energy infrastructure.
- **Investments must be made** in the development and deployment of technologies like solar, wind, nuclear, hydro-electric, carbon capture and utilization, battery storage, and low carbon and electrified transportation.
- **Investments must be made** to increase energy efficiency in industrial, commercial and residential buildings, retrofit and upgrades to schools and public buildings and to make our communities safe and resilient.
- **All work** in the legacy, renewable, and energy efficiency sectors must be performed by the safest, most highly trained, skilled workers in Minnesota.
- **Minnesota's prevailing wage, labor and licensing standards are critical** to successfully building energy infrastructure.
- **Energy must be** reliable, accessible and affordable.
- **All communities** and workers must be safe and respected.
- **A Beneficial Transition Plan must address the needs of energy workers and ensure high quality, family-sustaining careers.**

Energy Workforce Impacts



Workforce Strategies

- **Retain Workers**
- **Transfer Workers within Utility**
- **Workers Move within Industry**
- **Workers Leave Industry**
- **Retrain Workers**

Workforce Challenges

- **Employed and Contracted Workforce**
- **Workforce Demographics**
- **Workforce systems created to incentivize careers and long-term retention**
- **Recruiting, Training and Retaining through plant retirement**
- **Energy Installation vs. Operation**