

COMMUNITY BENEFITS PLAN

Community and Labor Engagement

Minnesota Power (MP) supplies retail electric service to 150,000 retail customers, including some of the nation's largest industrial customer operations; portions of the Fond du Lac Band of Lake Superior Chippewa and the Leech Lake Band of Ojibwe reservations, within ceded lands of the 1854 Treaty Territory, and to businesses owned by the Bois Fort Band of Chippewa located outside of the reservation; a number of federally recognized disadvantaged communities (DACs); and wholesale electric service to 14 municipalities in a 26,000-square-mile electric service territory in northeastern Minnesota (MN).

A significant portion of the clean electricity consumed by MP's customers is delivered to its service territory by the 465-mile-long High Voltage Direct Current transmission line (HVDC Line). MP has a project that is not part of this application to modernize and upgrade both terminals of the HVDC line and interconnect the upgraded terminals to the existing alternating-current transmission system. Through this non-federal project, the existing HVDC 550 MW converter stations will be replaced with new 900 MW converter stations. The **HVDC Terminal Expansion Capability (HTEC) Project** involves designing the new HVDC converter stations to also meet long-term needs for MP and the regional transmission system. The installation of the new HVDC converter stations represents a once-in-40-years opportunity to lay a foundation for significantly increased future renewable energy transfer capability and grid resiliency. The HTEC Project will add expandability features into the design of the new HVDC converter stations to increase their capacity rating from 900 MW to 1500 MW and position them for future expansion. It also will enable the future transfer of additional wind energy to communities that otherwise may not be able to access reliable and affordable clean energy. The HTEC Project involves upgrades at the HVDC terminals in Solway Township, MN and Center, North Dakota (ND).

Social Characterization Assessment Solway Township is in St. Louis County, MN and had a population of 1,924 in 2021. The area is characterized as a mixture of rural residential and low density forest/agricultural management. Census data indicates the median household income in Solway Township in 2021 was \$85,000 – about 10% higher than \$77,706 for the state. Per capita income in 2021 was \$34,7941 – roughly 17% lower than broader MN. Approximately 3.5% of Solway Township's population was living below the poverty line in 2021 – about 2/5 of the rate in MN. The City of Center is a rural community in Oliver County, ND and had a population of 584 in 2021. Census data indicates the median household income in Center in 2021 was \$57,000 – roughly 80% of broader ND. Per capita income in 2021 was \$20,252 – roughly half that of broader ND. Approximately 21.5% of Center's population was living below the poverty line in 2021 – about double the rate in ND. The HTEC project will provide an estimated \$14.5 million in increased property taxes annually for MN counties affected by the HVDC system and will result in a 5% annual increase in the sales tax paid by MP in ND.

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Initial Stakeholder Analysis Summary MP has a long history of engagement with the host communities, as well as organizations that serve the affected communities and area workforce including Solway Township and Center; St. Louis and Oliver counties; organized labor organizations including the International Union of Operating Engineers Local 49, the Laborers' International Union of North America (LIUNA), the International Brotherhood of Electrical Workers (IBEW) and the North Central States Regional Council of Carpenters; the Duluth Area Chamber of Commerce and the Greater North Dakota Chamber; the Area Partnership for Economic Expansion (APEX); the MN Tribal Contractors Council; and clean energy advocacy organizations including the Center for Energy and Environment (CEE), the Minnesota Center for Environmental Advocacy and Fresh Energy.

Key issues identified by local stakeholders include reliability concerns as baseload fossil fuel generation is retired, the resiliency of energy infrastructure amid more frequent and severe weather events, the costs associated with transitioning to more renewable forms of generation, the effects of energy infrastructure changes on jobs and the local tax base, and the broader impacts of transitioning the current power system. The HTEC Project will help address each of these concerns. Organizations representing the host communities as well as others from around MN and ND have continued to support projects like the HTEC Project because they provide continued jobs and economic investment in surrounding communities, advance clean energy goals, and improve access to low-carbon, reliable energy. Letters from many of the mentioned organizations are included in the Community Partnership Documentation.

Two-Way Engagement Summary MP has a robust community engagement process for large energy projects to ensure organizations representing a variety of stakeholders such as residents, unions, government, tribal communities and DACs are included in project development and decision making. Community and labor engagement has already begun for the non-federal project to upgrade the line's capacity from 550 MW to 900 MW. MP met with approximately 45 community leaders and landowners at a November 2022 listening session near Solway Township to introduce the non-federal project, learn about the needs of the community, and gain initial feedback. That listening session helped MP assess how to proceed with community outreach and develop a stakeholder engagement plan.

As an outcome of the first listening session, MP held a public open house in January 2023 in Solway Township, MN. The company gave 43 community members a "tour" of the project, walking them through an overview of MP's HVDC infrastructure and the HTEC project's benefits, location, technical details, and timeline. Attendees also received maps of the study area and were able to ask questions, voice concerns, and submit comments either verbally or through a written comment form. MP staff documented the feedback and attendees were given contact information so they could share concerns and ideas during project development

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through phone, email or a personal meeting with MP staff. MP has engaged a neutral third-party consultant to help facilitate communication with community members and tribal nations.

MP has also engaged with local community leaders and landowners through targeted meetings about the non-federal project in late 2022, including meetings with Solway Township and nearby municipalities in MN, and the Fond du Lac Band Tribal Historic Preservation Office; and mailing letters about the project to all historical MN Tribes. Meetings continue with local landowners and corporations potentially impacted by construction near Center, ND. A higher level of engagement will occur during the initial stages of the existing project development. This will allow community and tribal members to offer input for project planning and minimize negative impacts to host communities when construction for the non-federal project begins. This high level of public engagement during project development has worked well and is considered best practice for construction of large energy facilities. These opportunities provide another avenue for MP to engage with interested stakeholders and respond to any concerns about the HTEC Project. Planned engagement efforts include:

- Hold a second public open house in St. Louis County, MN and Oliver County, DN.
- Hold a second meeting with the Fond du Lac Band Tribal Historic Preservation Office.
- Accept public comments and submit reply comments about the project through the Minnesota Public Utilities Commission (MPUC) e-dockets filing system.
- Hold three public hearings in MN (one daytime in-person, one evening in-person, and one virtual) to gather feedback and accept public comments about the project.
- Hold a public hearing in Oliver County, ND to consider project permitting, during which the public will have the option to request an additional public meeting.
- Work with union representatives to ensure quality jobs support the HTEC Project.
- Engage with tribal nations served by MP through ongoing meetings with tribal liaisons.

If selected for an award through this Department of Energy (DOE) funding opportunity, MP will incorporate engagement for the HTEC Project into its existing engagement plans for the existing non-federal project; however, DOE funding for the HTEC Project will also enable more robust and wide-reaching engagement through the SMART Milestones below.

SMART Milestones:

- Prior to project initiation, hold one community listening session in St. Louis and Oliver counties to educate and gather feedback from host community members, labor union representatives, local government, and tribal communities about the DOE funding award and the community benefits plan.
- Meet during each project phase with the MN Tribal Contractors Council to develop a plan to include Native American contractors and tribal members in project construction.

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- Partner with Clean Energy Organizations (CEOs) to develop two community education plus Q&A sessions about the role of transmission upgrades in the clean energy transition.
- Hold annual community listening sessions during project construction in St. Louis and Oliver counties to assess and respond to community needs throughout project construction.
- Meet biannually with the labor organizations serving the affected host communities to ensure the needs of labor are being met during project construction.
- After project completion, hold a ribbon-cutting ceremony in Solway Township and Center, inviting host communities, interested stakeholders, and tribal members.
- Within three months after the project's in-service date, provide an update during a public listening session in St. Louis and Oliver counties on the project and lessons learned.

Community Benefits Agreement MP will work with labor unions, tribal entities, employees, local government, DACs and community-based organizations supporting DACs to create a Community Benefits Committee to develop a Community Benefits Agreement (CBA) within St. Louis and Oliver counties. The CBA may include a project labor agreement outlining local hire and targeted opportunities for members of DACs and disadvantaged workers. The CBA may also include a good neighbor agreement demonstrating shared economic benefits, including good jobs (a workforce agreement), business opportunities for local residents, and minimized harm to the communities.

SMART Milestone:

- Within three months of being awarded the funding, MP will establish a Community Benefits Committee to develop a CBA.

Resource Summary Although community engagement is already underway for the non-federal project, some of which can be applied to the HTEC Project, MP expects the additional costs to successfully implement community and labor engagement for the HTEC Project to be approximately \$45,000. This includes costs for planning, coordination, venue rental, food, labor and travel associated with the SMART Milestones above, as well as the costs associated with developing and negotiating the CBA. A breakdown of the full CBP budget is provided in Table 1.

Investing in the American Workforce

Background MP has a long-standing commitment to its communities and workforce, supporting professional trainings, certification, and licensures to ensure all employees are appropriately credentialed. Working with local colleges and apprenticeship programs, a workforce readiness plan related this effort will be developed to describe the skillset and availability of the workforce needed for successful project implementation.

Quality Jobs MP expects this project will create a peak of 150-175 construction jobs at each of the two locations. Wages for these types of projects are typically at or above prevailing wage,

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with construction careers providing family-sustaining wage and benefit opportunities in the trades. MP has a strong working relationship with the trades, and union labor is a part of our projects as much as possible. Out of MP's approximately 1,000 full-time employees, over 400 are represented by unions. MP has collective bargaining agreements with the International Brotherhood of Electrical Workers (IBEW) Local 31 and Local 1593. Additionally, as an example of MP's commitment to safety, in 2023 it agreed to hire three Blue Hat union employees to work across MP's operational locations as dedicated on-the-job safety liaisons between safety and operations.

Workforce Development MP has a long history of partnering with local community colleges and training programs to advance regional workforce development efforts. Many employees have served as instructors or on advisory boards at higher education institutions across our service territory, such as at Minnesota North College - Itasca Campus. MP currently has 63 apprentices indentured with the State of MN, which are guided by a joint labor-management apprenticeship committee. Further, MP is updating critical apprenticeships and by the end of 2023 will have revamped three apprenticeships: substation technician, meter technician and line-worker. Employees in these three apprentice programs will work on this project and it will support their apprenticeship training. MP also recruits at job fairs and community outreach events and anticipates participation at over 40 events in 2023, expanding its outreach efforts to include more community-hosted events and events at community colleges and high schools.

SMART Milestone:

- MP will attend at least one job fair event near project locations during each project phase.

Worker Rights MP follows all laws set by the Department of Labor and over 40% of the employee base is represented by unions. Contract language preserves the right for MP's employees to organize and outlines the terms and conditions under which they can do so, as well as the terms and conditions for management. The MP contract outlines what employees should do if they seek to join a union. MP's values-based culture includes integrity as its foundation. Per DOE guidance, MP does not have violations under any of the following: National Labor Relations Act; Fair Labor Standards Act; Occupational Safety and Health Act; Service Contract Act; Davis-Bacon Act; or Title VII of the Civil Rights Act.

Resource Summary Investing in the American workforce is standard business practice at MP; however, DOE funding will enable additional and more robust engagement with students, nontraditional job seekers, and workers near the host communities.

Advancing diversity, equity, inclusion, and accessibility ("DEIA")

MP is committed to promoting DEIA and taking action for a more equitable society, expanding hiring and supplier diversity, and engaging stakeholders in advisory panels, tribal liaisons, and government and community contacts to build relationships, solicit feedback, and collaborate.

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MP advances DEIA through five main focus areas: workforce, supply chain, customer, corporate citizenship and communication. A Steering Committee leads strategic DEIA initiatives and a Subcommittee helps facilitate employee engagement. MP's commitment to DEIA also extends to attracting and retaining employees who value diverse backgrounds, ideas, and perspectives. Training for hiring without bias is required of all supervisors with every job posting; 159 supervisors were trained in 2022.

MP leverages diversity recruitment efforts to engage those underrepresented in the workforce, including those facing barriers to employment. MP also notifies 39 external partners about job openings, including: tribal organizations, community colleges, universities, chambers of commerce, and community workforce organizations. Additionally, MP posts open positions on its website, applicable state CareerForce websites, and a variety of other online job boards such as the Veterans Job Listings board. The MN Department of Military Affairs has designated MP as a Yellow Ribbon Company, and to retain this designation MP builds relationships with local military leaders, identifies which employees have military connections, and commits to hiring, supporting and retaining veterans – a commitment extending to the recruitment of workers needed for this project. MP updates affirmative action plans, evaluating current workforce composition and underutilizations, and setting workforce inclusion goals. These annual updates will continue throughout this project. Additionally, MP will work with local and regional organizations to find diverse suppliers to support the project and will continue to participate in local and regional supplier diversity programs, training, and networking events.

SMART Milestones:

- Annually track and report the number of self-classified diverse suppliers working on or supplying key materials to the project, with a goal of including diverse businesses for 10% of bids during project development.
- Require supplier diversity questionnaires on bids over \$250,000 to help identify diverse Tier 1 suppliers and non-diverse businesses with a diverse supplier program, who can connect and contribute to MP's Tier 2 program during project development and construction.
- Provide annual anti-bias training to all hiring professionals during all three project phases.

Resource Summary Although the SMART Milestones listed above are part of standard MP business practice, DOE funding will ensure MP continues to hold itself accountable and track and measure DEIA progress throughout all three project phases.

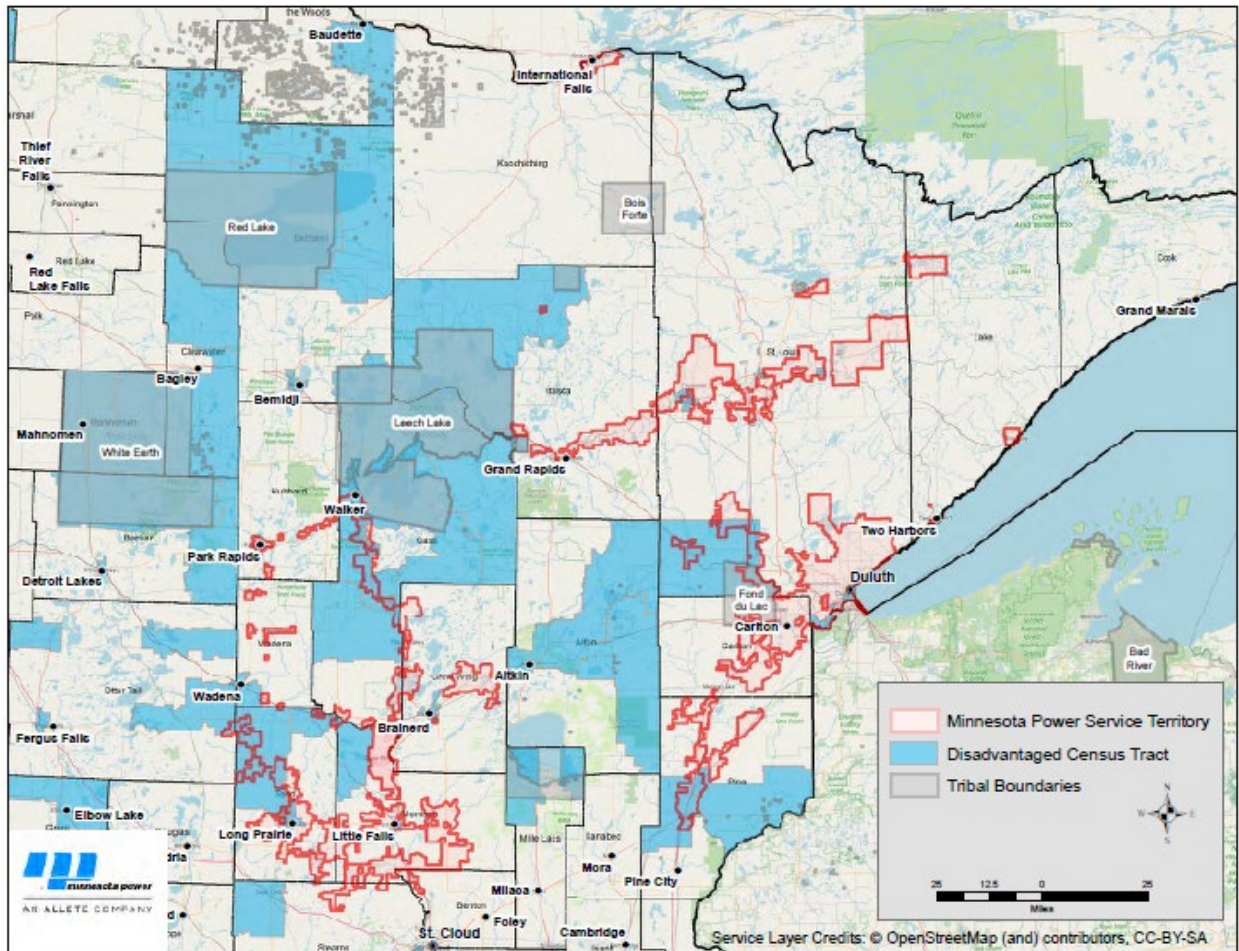
Justice40 Initiative

As the project develops, MP will create a Justice40 engagement plan to ensure project benefits flow to disadvantaged or underserved communities, as well as tribal nations. The principles of energy democracy will be at the forefront of this plan. As discussed above in the Two-Way Engagement Summary, MP will ensure meaningful participation of community stakeholders in energy-related decision-making processes and control in outcomes.

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Host Community Benefits The project location in Solway Township is part of a partially disadvantaged census tract due to the presence of federally recognized tribal lands. Although Center is not in a federally defined DAC, both communities are identified as high-risk of environmental exposure and climate change burden. According to Version 1.0 of the Climate and Economic Justice Screening Tool (CEJST), Center is in the 70th and Solway Township is in the 87th percentile for expected economic loss to agricultural value resulting from natural hazards each year. Center is in the 91st percentile for expected building loss rate and in the 96th percentile for fatalities and injuries resulting from natural hazards annually. Projected flood risk is high in both communities, with Center ranking in the 77th and Solway Township ranking in the 82nd percentile. Center also ranks in the 82nd percentile for wildfire risk. Legacy pollution is another burden Center faces; the CEJST indicates the presence of abandoned mine land within the census tract. The increased ability to transfer future clean energy, enabled by the HTEC Project, will help mitigate the heavy climate change burdens faced by both communities.

Figure 1: DACs and Tribal Boundaries Identified Within MP Service Territory



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Assessment of the HVDC Project Benefits and Co-Benefits and Where They Flow Figure 1 illustrates MP's service territory, which includes several federally recognized DACs and tribal communities. DOE funding to support the HTEC Project will help advance the following in DACs:

Decrease the energy burden in DACs MP has the lowest residential electric bills in Minnesota, roughly 24% less than the national average in 2021 per the December 2022 MPUC Electric Rate Comparison, and has the lowest bills for low-income customers specifically because of its state-leading affordability programs.¹ That said, there are a number of low-income DACs in the MP service territory that have the potential to be impacted by the additional costs associated with the transmission buildout needed to meet Minnesota's mandate of 100% clean electricity by 2040. Upgrading existing HVDC technology was identified by industry experts at the November 2022 Midwestern Governor's Association (MGA) Transmission Summit as one of the most efficient ways to enhance the grid we have now and build a reliable and affordable grid for the future. The HTEC Project therefore serves as a cost-effective way to enable substantially more capacity for future transmission of efficiently generated wind energy to MP's service territory and the Midwest Independent System Operator (MISO) region more broadly, directly reducing the future energy burden in DACs served by the HVDC Line.

Decrease environmental exposure and burdens for DACs Many of the DACs served by the HVDC Line are at high risk of environmental exposure and burden, particularly in terms of projected flood risk, expected agricultural loss, and projected wildfire risk associated with climate change. Increased wind power transfer along the HVDC Line will aid in mitigating the impacts of climate change as fossil fuel generation continues to be retired.

Increase parity in clean energy technology (e.g., solar, storage) access and adoption in DACs Many households in DACs served by MP still may not be able to afford home-sited renewable energy technology. Moreover, many of the residents in the CEJST-identified DACs are renters and may not have an option to switch to clean energy sources. The HTEC Project would increase the future transfer of wind energy to communities in MP's service territory by approximately 60%, significantly increasing access to clean energy adoption throughout DACs served by MP.

Increase to low-cost capital in DACs Although this project may not directly help residents in DACs own clean-energy resources, residents of DACs will benefit from the upgraded capacity of MP's transmission infrastructure. Accordingly, DOE funding for this project will significantly increase access to clean energy (wind) in the DACs where clean energy access may otherwise be unattainable either because residents do not have a site that is well-suited for renewable capital installation or because they do not have the upfront capital required to purchase renewable infrastructure for their homes. Though not directly related to the proposed project,

¹ The "Electric Rate Comparison" was presented to the MPUC on December 20, 2022: https://mn.gov/puc-stat/documents/pdf_files/PUC%20Rate%20Comparison%20Presentation%2012.20.22.pdf. See page 14 "Average Residential Bills" for MP bills compared to the national average for years 2001 to 2021.

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MP does have a low-income solar grant program that helps residents in DACs access low-cost solar capital if they are interested.

Increase clean energy enterprise creation and contracting (MBE/DBE) in DACs MP will work with the North Central Minority Supplier Development Council, Women's Business Development Center, Small and Disadvantaged Business Opportunity Council, and MN Tribal Contractors Council to ensure bidding opportunities are provided to businesses principally owned by women, minorities, veterans, LGBT persons, disabled persons, and tribal members.

Increase clean energy jobs, job pipeline and job training for individuals in DACs The HTEC Project will require approximately 150 jobs in both Center, ND and Solway Township, MN to complete the work for a total of 300 or more clean energy jobs created during construction. This project will also enable the creation of new wind and solar jobs on each end of the HVDC Line for generation buildout. This is particularly important in Center, which ranks in the 95% national percentile for coal employment and in the 86% percentile for fossil energy employment. Reinvestment in the renewable energy sector would support an area that is economically reliant on the coal and fossil fuel industries for employment and create new construction and permanent jobs in clean energy. MP will work with unions to support diverse hiring and job training for individuals in DACs. Additionally, MP will work with Five Skies Training, a Native-owned consulting business, to offer scholarships for apprenticeship training that prepares tribal members for a career in the construction industry. The program offers individuals the opportunity to receive union-endorsed training, exposure, and a "foot in the door" to a career in the trades. Program graduates have an opportunity to interview with participating Construction Trade Unions and Contractors.

SMART Milestone:

- During project development and construction, MP will provide up to \$5,000 for scholarships for tribal members to complete a five-week Workforce Empowerment Training with Five Skies Training.

Increase energy resiliency in DACs The 1500 MW expansion will make the HVDC infrastructure future-ready, support increased transfer from one of the highest efficiency and reliable renewable energy areas in North America, provide greater grid flexibility, and enhance resiliency of the system as intermittent generation continues to be added to the grid. Using HVDC technology to increase transfer capacity also helps avoid grid congestion often experienced along AC transmission lines, and transfers energy much more efficiently (minimizing losses along the line). This project will help ensure every person in MP's service territory, including those in DACs, will have access to stable, reliable, resilient and clean power.

Increase energy democracy, including community ownership in DACs MP recognizes that residents of DACs have not always had equitable access to energy planning discussions. In

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addition to the community and labor engagement activities discussed above, many of which are focused on the host communities, MP will also schedule stakeholder events in DACs where the benefits of this project will flow to share information, collect community input, and explain how community input is used to inform project planning and development.

SMART Milestone:

- Hold at least one stakeholder event in each of these cities in DACs served by MP during each phase of the project: Long Prairie, Walker, Bigfork, and Duluth.

Assessment of Negative Impacts in DACs The HTEC Project does not entail any new construction or disruption to existing or new infrastructure located in DACs. The work required for the expansion is limited to the acquisition, installation, and operation of converter transformers, cooling system equipment and foundation upgrades in Center and Solway Township. An Environmental Justice (EJ) Screening Report was reviewed for both host communities. The demographic compositions are lower than or similar to national averages and will not have disproportionate impacts on people of color, tribal/indigenous communities or populations which may be vulnerable based on unemployment or linguistic isolation. Additionally, no impacts to public health and safety are anticipated from the HTEC project. MP will ensure that safety requirements are met during construction and operation of the transmission line and substation. During construction, measures will be taken to ensure safety of local residents, including signage where active construction is occurring, flaggers at roads, and barriers around active construction zones. Additionally, when crossing roads during stringing operations, guard structures will be used to provide safeguards for the public.

Resource Summary MP expects the costs to successfully implement the Justice40 SMART Milestones to be approximately \$35,000. This includes costs for planning, coordination, venue rental, food, labor and travel associated with stakeholder meetings in DACs, as well as the costs associated with the tribal scholarship awards. Table 1 provides a breakdown of the resources needed to successfully implement the CBP.

Table 1: Community Benefits Plan Budget Breakdown

ITEM	BUDGET
Planning and Coordination	\$ 20,000
Venues and Food	\$ 15,000
Labor and Travel	\$ 25,000
Community Benefits Agreement	\$ 15,000
Tribal Scholarships	\$ 5,000
TOTAL	\$ 80,000