



MGA Quarterly Meeting

Shane Zahrt

Flaherty & Hood, P.A. – St. Paul, Minnesota

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What is CUC?

- Seven cities that host or have hosted large, investor-owned power plants in Minnesota
- Group was created in 1998 to give voice to these communities at the Capitol
- CUC has always worked to protect community tax base—since 2015 has focused heavily on community transitions



NEW – MN's Electric Generation Transition Aid

- Passed by the legislature as part of the 2023 omnibus tax bill – House File 1938
- Designed to keep local government “whole” in the first year following plant retirement, then decline over time
- Includes aid for communities that previously faced retirements but are still feeling tax base impacts



How does it work?

- Aid calculation is triggered by the retirement of a generating unit
- Calculation:
 - Subtracts tax capacity in year following plant retirement from tax capacity in final year of plant operation
 - Multiplies by the jurisdiction's tax rate in the year prior to plant retirement



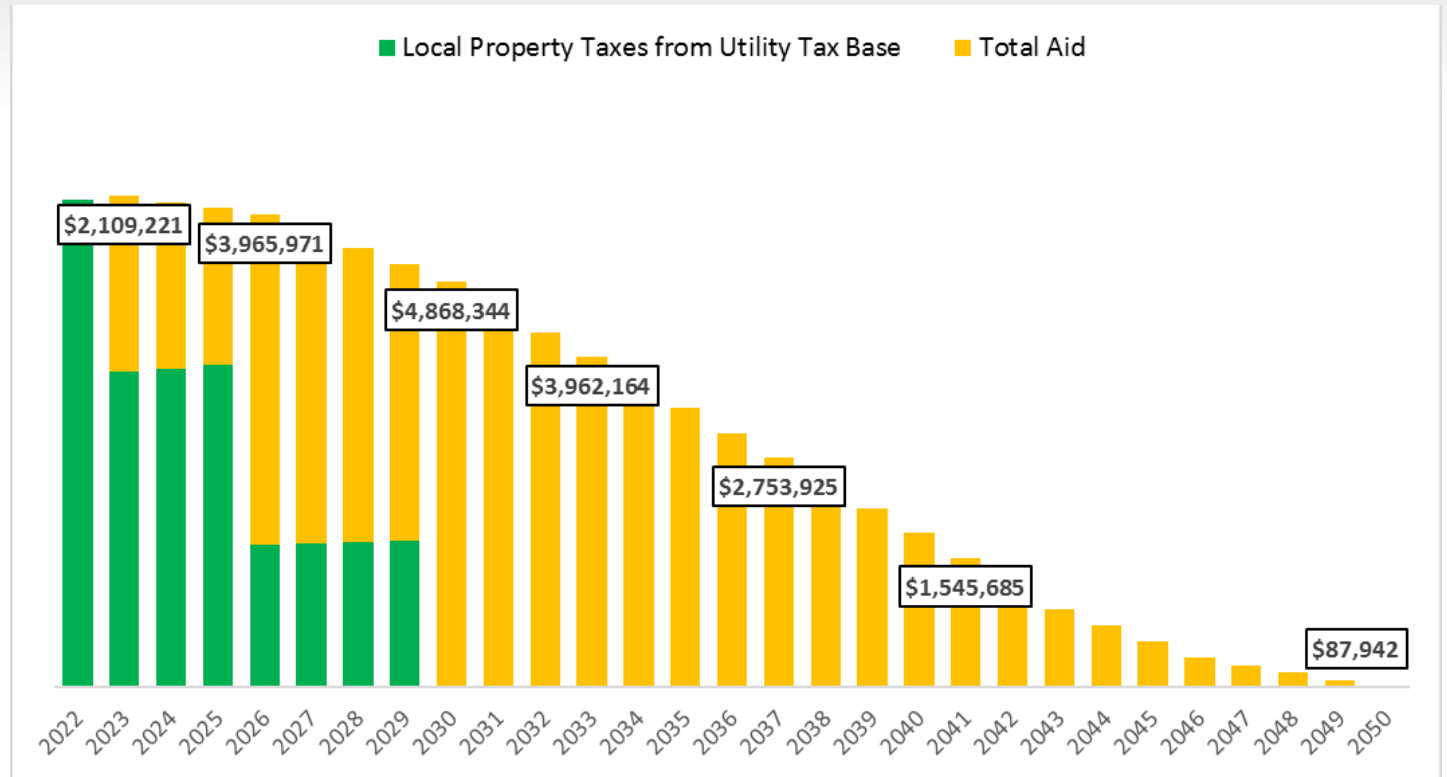
Aid elimination

- Aid reduces by 5% each year
- Aid ends after 20 years OR
 - If the jurisdiction's tax capacity recovers to at least 90% of the inflation-adjusted total net tax capacity in the final year of plant operation
 - If aid drops below \$5,000 at any point, aid is eliminated



Example: City of Becker

- Becker is home to Xcel Energy's Sherco Generating Station
- Sherco is powered by three separate coal-fired generating units, each with its own retirement date
 - Sherco 2 – 2023
 - Sherco 1 – 2026
 - Sherco 3 – 2030
- Aid is responsive to each individual unit retirement

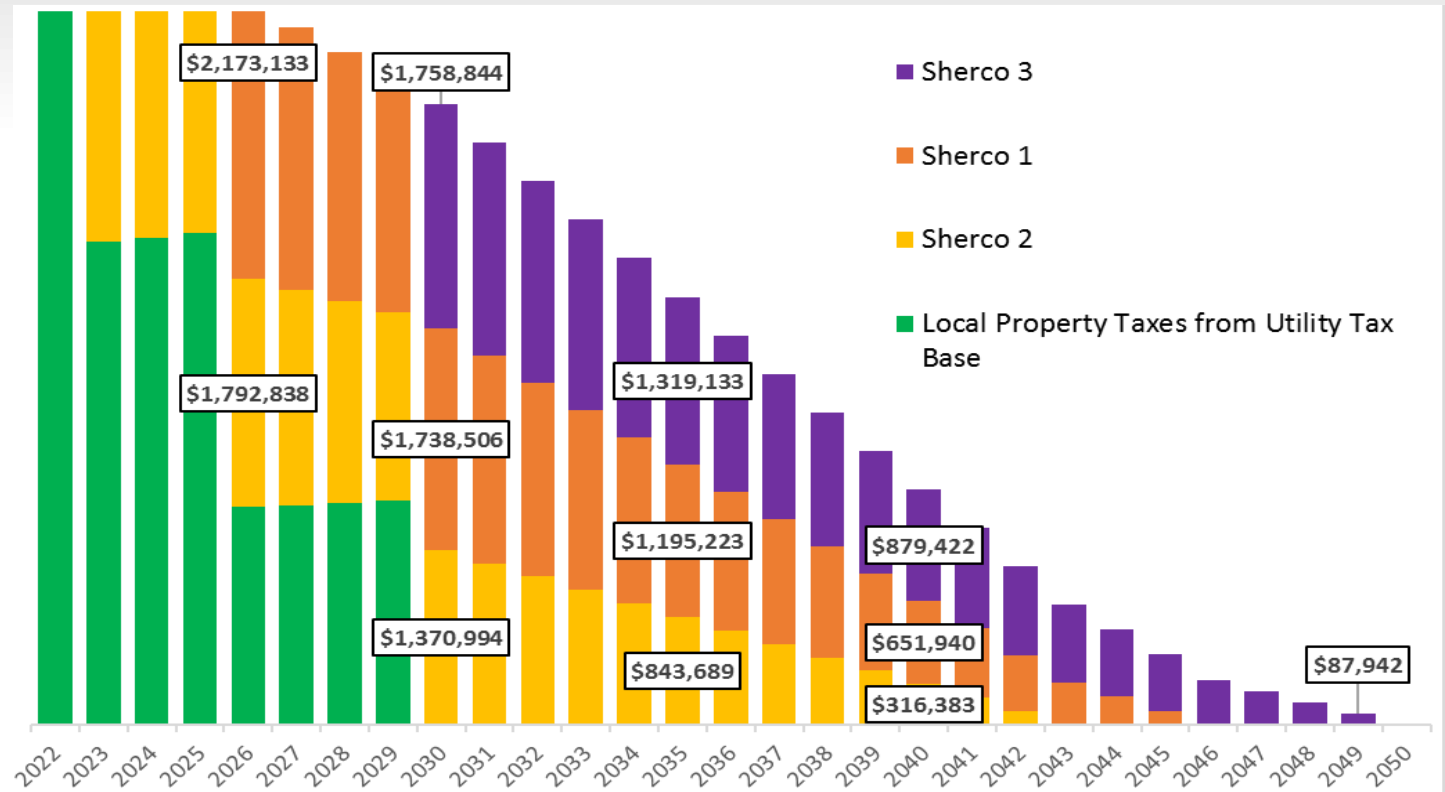


Unofficial estimate for illustrative purposes only



Example: City of Becker

- In communities with multiple unit retirements, each unit retirement triggers its own aid calculation and phase down clock
- This graph is similar to the previous slide, but illustrates the aid attributable to each individual unit

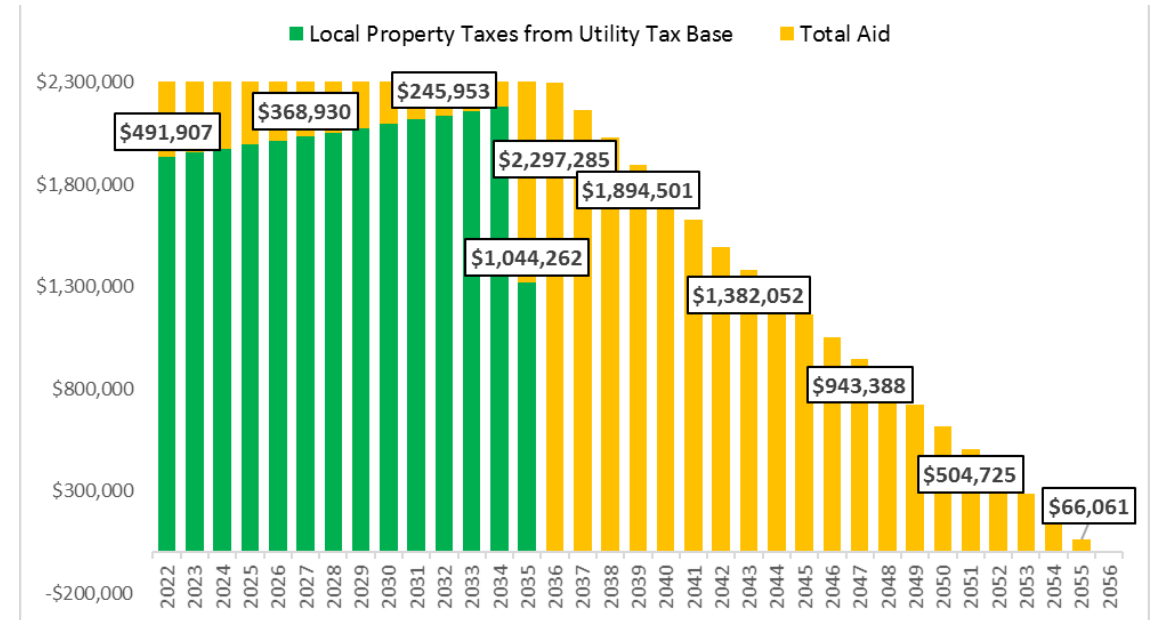


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Aid for prior retirements

- Aid may be available to communities that saw retirements since 2016 but before passage of the program
- Is expected to provide aid to at least three communities, potentially others
 - (Cohasset; Granite Falls; Fergus Falls)
- If 2023 tax capacity is still below what it would have been in the final year of plant operation, aid is triggered
- Aid phases down—and out—on the same schedules and parameters as for new plant retirements



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Thank you!

Shane Zahrt

Flaherty & Hood, P.A.

(651) 295-1123

SAZahrt@flaherty-hood.com