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In response: Excelsior's talking points, excuses evade questions

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By: **Charlotte Neigh**, Duluth News Tribune

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\$40 million of public money while it failed to attract private investors or a customer for its power.

After 10 years, the prospects of achieving these indispensable components appear dimmer than ever.

Excuses made in the newspaper reports by promoters of Excelsior Energy were unpersuasive. State Sen. Tom Bakk blamed Xcel Energy's refusal to purchase Excelsior's power, ignoring that the state's Public Utilities Commission ruled the Mesaba Energy Project was too risky and its power too expensive to be in the public interest.

Excelsior co-CEO Tom Micheletti blamed unfortunate timing and the recession for the company's shortcomings so far, ignoring that Excelsior was unable to attract private financing as far back as 2002 when it failed to raise the private money required by a \$1.5 million loan agreement. In waiving this requirement in 2004, the Iron Range Resources and Rehabilitation Board acknowledged, "The company was not able to attract equity investors or in-kind contributions."

Excelsior's response in the News Tribune blamed regulations and permitting requirements for costs and delays. But, according to the Minnesota Pollution Control Agency, Excelsior has never completed its initial 2006 air permit application or made required updates.

Micheletti declined to predict when the first plant may be built, yet continued to assert the company's output of power is needed. No such finding has been made by the state's utility regulators, and Minnesota's major utilities deny needing Excelsior's power.

Micheletti's claim that Excelsior is in active talks with potential customers should be evaluated in the context of Excelsior's performance failures and unfulfilled promises over the last decade.

Micheletti said the company is trying to decide whether to proceed with both a coal-gasification plant and natural gas-fired plant or only one or the other.

Given that Excelsior's decision to switch to natural gas surfaced in 2010 and obtained legislative approval months ago, a more definitive direction and plan should be expected.

Bakk's surreptitious maneuver in 2008 to make financial information on IRRRB borrowers unavailable to the public is not justified by his stated concern that transparency might cause some companies not to seek financial assistance from the IRRRB. Companies that cannot withstand public scrutiny should not receive public money. The IRRRB claims it should protect the privacy of borrowers as a bank would. Although a private, for-profit, investment institution may need to do this, it is not appropriate for a government agency responsible for spending millions of public dollars for the public good. The IRRRB's defense that loans are approved at a public meeting is laughable, given that the borrower's financial information is kept confidential even at that point and that prior to this year these meetings were typically used to rubber-stamp decisions already made in closed committee meetings.

The Citizens Against the Mesaba Project group brought the need to reform the IRRRB, as well as its lack of transparency, to the attention of Gov. Mark Dayton's transition team in December 2010. We cited the failure to enforce terms of loans to Excelsior and that the company's two principals were paying themselves as much as \$300,000 a year each after investing only \$60,000.

Unfortunately, IRRRB data has not been restored to the jurisdiction of Minnesota's Data Practices Act, so we can only speculate how much Micheletti and his wife and business partner, Julie Jorgensen, have taken in salaries.

Charlotte Neigh is co-chairwoman of the grass-roots Citizens Against the Mesaba Project group (camp-site.info). She lives in Trout Lake Township, just east of Grand Rapids. This commentary was endorsed by the group's co-chairman, Ed Anderson of Bigfork.

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