**LARGE POWER INTERVENORS**

Utility Information Request

Docket Number: E015/CN-12-1163 Date of Request: August 20, 2014

Requested From: Large Power Intervenors Response Requested: August 29, 2014

By: Large Power Intervenors (Andrew Moratzka, Chad T. Marriott , Lane Kollen and Phil Hayet)

Request

No.

018 Please indicate if there is a “regulatory out” in the 250 MW PPA contract with Hydro-Manitoba.

1. If so, then please identify all such regulatory out provisions; and
2. Provide an estimate of the costs that the Company projects it will incur if the 250 mW PPA is terminated, exclusive of replacement capacity. Explain each such cost and provide all supporting calculations, including assumptions, data, workpapers, electronic files with formulas intact, and provide a copy of all source documents relied on for this purpose.

**Response:**

The 250 MW PPA included conditions precedent that must be satisfied for both Minnesota Power and Manitoba Hydro. Minnesota Power’s included obtaining Minnesota Public Utilities Commission approval that was satisfied with the MPUC’s order in Docket No. E015/M-11-938. With that condition precedent satisfied Minnesota Power has a covenant in Section 3.1 of the PPA “to take all actions and do all things necessary to construct a new transmission interconnection with an in-service date of on or before the June 1, 2020 start date of the Contract Term…” Through pursuing the Great Northern Transmission Line, Minnesota Power is taking action to fulfill this covenant as approved by the MPUC.

In addition, Manitoba Hydro has agreed to share in the development costs of the Great Northern Transmission Line in both a stand-alone agreement as well as the soon to be executed Facilities Construction Agreement. These agreements minimize potential impacts to Minnesota Power’s customers.

The current cost sharing agreements requires MH to reimburse MP for 67% of the development cost of the GNTL. This agreement will remain enforce until the FCA becomes effective, at which time MP will be responsible for 46% of the project cost and MH will be responsible for 54% of the project cost. Minnesota Power currently estimates the development phase of the project will cost $22,896,300. This amount will be shared by Minnesota Power and Manitoba Hydro as outlined above.

Response by: David Moeller \_\_\_\_\_\_\_\_\_\_\_\_ List Sources of Information:

Title: Senior Attorney\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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