Legalectric, Inc.

Carol Overland **Attorney at Law, MN #254617**

Energy Consultant—Transmission, Power Plants, Nuclear Waste

overland@legalectric.org

P. O. Box 176
Red Wing, Minnesota 55066
612.227.8638

P.O. Box 69
Port Penn, Delaware 19731
302.834.3466

January 16, 2015

Ann O'Reilly
Administrative Law Judge
Office of Administrative Hearings
P.O. Box 64620
600 North Robert St.
St. Paul, Mn 55164-0620

RE: RRANT Reply Brief
Not-So-Great Northern Transmission Line
OAH Docket No.: 65-2500-31196
PUC Docket E-015/CN-12-1163

Dear Judge O'Reilly:

Attached and eFiled please find the Reply Brief of Residents and Ratepayers Against Not-so-Great-Northern Transmission.

Please let me know if you have any questions or require anything further.

Very truly yours,

Carol A. Overland
Attorney at Law

cc: All parties via eFiling and eService
RRANT

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

In the Matter of the Request of Minnesota Power for a Certificate of Need for the Great Northern Transmission Line Project	OAH Docket No.: 65-2500-31196 PUC Docket No.: E15/CN-12-1163

REPLY BRIEF

RESIDENTS AND RATEPAYERS AGAINST NOT-SO-GREAT-NORTHERN TRANSMISSION

Residents and Ratepayers Against Not-so-Great Northern Transmission submit this Reply Brief in response to Applicant Minnesota Power's Initial Brief. Select portions are brought out and challenged, but this Reply Brief regarding specific Minnesota Power arguments may not be not all inclusive, and failure to address any particular point does not indicate agreement with any Minnesota Power argument.

Minnesota Power argues in its Initial Brief that the Great Northern Transmission Line provides a unique opportunity, that opportunities such as the Great Northern Transmission Line rarely present themselves, and that they must be seized when they do. MP Initial Brief, p. 1-2. RRANT agrees that it is unique, a first impression issue for the Public Utilities Commission, but from a different perspective. The proposal of a transmission line with capacity, at a rating of 1752, or 4.5 times that 383 MW of PPAs, and the claims that Commission approval of prior PPAs and MISO addition of the project to MTEP 14 based on FERC approval of a cost recovery tariff necessitates and confers approval of this project is indeed unique and first impression, and not a legally sufficient basis for approval of a Certificate of Need under the criteria of Minn. Stat. §216B.243, Subd. 3. Like a screeching bearing without oil, this project should indeed be seized, and stopped – the Commission should not issue a Certificate of Need for the Great Northern Transmission Project as proposed in this docket. Minnesota Power's Application for Certificate of Need should be denied.

I. PRIOR IDENTIFICATION OF A RESOURCE "NEED" AND APPROVAL OF COST APPORTIONMENT TARIFF IS NOT AN IMPLICIT DETERMINATION OF "NEED" UNDER MINN. STAT. §216b.243, Subd. 4.

Applicant MP admits that "Minnesota Statutes Section 213.243 ("CON Statute") governs the granting of a CON for large energy facilities, including high voltage transmission lines such as the Great Northern Transmission Line." Applicant Initial Brief, p. 18. Minnesota law is quite specific about what is required for a Certificate of Need application and the criteria that must be met. Prior Commission approval of a 250 MW Power Purchase Agreement is not one of the Certificate of Need criteria, nor is MISO addition of the project to its "Appendix A" projects triggered by a FERC tariff approval. Minn. Stat., §216B.243, Subd. 3. Minnesota Power improperly relies on the Commission's approval of its PPA with Manitoba Hydro and MISO "approval" of the cost apportionment tariff and attempts to bootstrap the Certificate of Need approval to that PPA.

A. COMMISSION APPROVAL OF PPA DOES NOT INFER OR COMPEL COMMISSION APPROVAL OF TRANSMISSION, MUCH LESS TRANSMISSION RATED 4.5 TIMES THE 383 MW OF PPAs.

In its case in chief, and throughout its Initial Brief, MP argues that the proposed transmission project should be approved because the Commission approved its PPA:

> In reviewing and approving the 250 MW Agreements, the DOC-DER and Commission affirmed that Minnesota Power "will need a significant amount of capacity and energy" in the 2020 to 2035 timeframe (fn omitted) The DOC-DER and Commission further affirmed that the 250 MW Agreements "provide the most

> appropriate resources for [Minnesota Power] to meet its resource needs" over this time period.(fn omitted)

MP Initial Brief at p. 4. Identification and action on "significant capacity and energy needs" was limited to 250 MW beginning in 2020. Id. The Commission at that time issued specific directives to MP:

> Minnesota power shall, within one year of the date of this order, and annually thereafter until the start of the agreement, file a report in this docket on various significant milestones achieved regarding the new hydraulic generating facilities and the new major transmission facilities.

Ex. 12, Application, Appendix C, Order, p. 1.[1]

All MP has done is show that they have a contractual obligation to:

> … take all actions and do all things necessary to construct and place in-service on June 1, 2020 a new international interconnection with transfer capability of 250 MW southbound and up to 250 MW northbound (the "**250 MW Transmission Interconnection**") between MH's balancing authority area in the province of Manitoba and MP's local balancing authority area in the states of Minnesota and Wisconsin which 250 MW Transmission Interconnection would be utilized by MH and MP in the sale and purchase of the system power and the energy pursuant to the MH/MP Agreement.

Ex. 13, Application, App. D, Term Sheet, p. 1-2; see also MP Initial Brief, "The Facilities Construction Agreement, p. 8-9. MP states that Commission recognized that "both [Manitoba Hydro] and [Minnesota Power] must construct their own new transmission facilities (in Canada and the USA respectively) to allow Manitoba Hydro to sell the contracted power to MP." MP Initial Brief, p. 5.

In its application, Applicants are very forthright about claiming the "Major Factors Justifying Need," and focused on:

> …new major transmission facilities necessary to deliver the capacity and power contracted for under the approved 250 MW Agreements. The Project provides these necessary new major transmission facilities.

[1] eFiled: 201310-92766-05

Application, p. 11. The "250" MW is cited 46 times in the Initial Brief, but citing something time after time does not demonstrate by a "preponderance of the evidence" that a much higher than 250, or 383 MW capacity transmission line is needed, it only shows that it is wanted.

In the PPA docket, Commerce framed the issue as "whether or not the PPA between MP and MH represents the most appropriate resource to meet MP's resource needs of the period 2020-2035." Id., p. 4 of Commerce Recommendation. MP, joined by DOC analysis, and incorporated into the Commission Order, found:

> Using its own Strategist model, the DOC concluded that MP's optimal expansion plan includes the addition of a 150 MW CC unit in 2014 and another in 2020 with the possibility of substituting MH capacity and energy for the CC units depending on the specific terms of the PPA between MH and MP.

Ex. 12, Application, App. C, Order. p. 4 of Commerce Recommendation. The Commission did not analyze the cost of transmission, nor did Commerce, in determining that the PPA. Commerce's analysis and recommendation only analyzed the two PPA price components, capacity price and energy price. Id., p. 5. The Commission and Commerce did not consider the reasonableness of the PPA including the cost of transmission, and only considered the risk associated with failure to complete the transmission required to ship the power. Id., p. 12-15.

Recognition of a need for transmission to deliver the power of the PPA, however, is not approval. Nowhere in the PPA docket was a transmission project approved, nowhere in the PPA docket was the cost of the transmission project analyzed, considered, or approved, and nowhere in the PPA docket was more than the 250 MW PPA considered, and nowhere in the PPA docket was a transmission capacity increase of the magnitude of this project approved. If this transmission project had been "approved" by the Commission, there would be no need for a Certificate of Need at this juncture. It was at best anticipated by the Commission, but the specifics were not addressed. Rather than demonstrate implicit approval of the line, this failure to address the specifics such as cost and impacts of transmission is a significant flaw in the Commission's PPA Order.

The existence of a contract, whether for 250 MW, 133 MW, or 250 MW plus 133 MW equaling 383 MW, is not part of criteria for a Certificate of Need for a transmission line in the State of Minnesota. Applicants have not cited to any example where the Commission has approved a Certificate of Need for a transmission line based on a Power Purchase Agreement.

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Commission request that the Commission clarify its position in the "938" docket[2] as limited to approval of the 250 MW Power Purchase Agreement, that Commission approval of 250 MW PPA does not infer or compel commission approval of transmission, and that its Order in no way was intended as approval of the Great Northern Transmission Project as proposed.

B. FERC APPROVAL OF THE PROJECT COST RECOVERY TARIFF, TRIGGERING MTEP 14 APPENDIX A LISTING ONLY MEANS FERC HAS APPROVED "PARTICPANT PAY" AGREEMENT AND MTEP ACKNOWLEDGES THIS IS A PARTICIPANT PAY PROJECT.

MP claims that "[t]he record demonstrates that these agreements provide substantial benefits to Minnesota Power and its ratepayers," but that is not correct. MP Initial Brief, p. 57. The FERC and MTEP filings demonstrate that the purpose of the project is ability to market power and resulting wholesale power sales, and benefits of these agreements accrue only to the parties to those agreements, Minnesota Power and Manitoba Hydro. FERC approval of the FCA project agreement, and MISO acceptance of "participant fund" project cost allocation is not any way "approval" of this project, only of the construction cost arrangements. FERC approval of Minnesota Power and Manitoba Hydro's tariff to "participant fund" this project, and MISO placement of this project based on that Order approving the Facilities Construction Agreement is

[2] PUC Docket E015/M-11-938.

not a demonstration of MISO "approval" of the project, only recognition that funding arrangements have been set.

MP states in its initial brief regarding the Facilities Construction Agreement (FCA) that:

> On November 25, 2014, the FERC approved the FCA. With that approval, MISO considers the Project an approved project under the MISO Tariff and MISO has moved the Project to Appendix A of the MISO Transmission Expansion Plan 14 ("MTEP 14").

MP Initial Brief, p. 8-9.[3] The FERC Order reflects the purpose of the line as bulk power transfer, and use by not just MP but by Manitoba Hydro, for 883 MW of increased transfer capacity:

> MISO states that the Agreement reflects the Parties' respective capital contributions and ownership interests based on the amount of transmission capacity on the Project necessary to satisfy the line's primary economic drivers, which are sales of hydroelectric power into the United States. The Agreement provides that ALLETE and Wisconsin PSC require 383 MW and 200 MW respectively of new transmission capacity for delivery of new power supply arrangements with Manitoba, and Manitoba requires 300 MW of transmission capacity on the Project in order to provide for potential future hydroelectric development and sales into the United States.

Ex. 64, FERC Order, p. 2, Docket ER14-2950-000. The subject of the FERC Order and the Facilities Construction Agreement are how costs and ownership are to be allocated between Manitoba Hydro and Minnesota Power.

> The Agreement provides that the Parties have agreed that ALLETE will own 51 percent of the Project, and will be responsible for 46 percent of the Project's cost; Manitoba will own 49 percent of the Project and fund 54 percent of the Project's costs. MISO explains that Manitoba's financing will be through a 49 percent capital contribution as originally contemplated plus a five percent capital contribution to reflect the allocation of costs following an expansion of the Project's capacity as determined by MISO during the transmission service request studies. The Agreement further provides that Manitoba's five percent additional capital contribution will finance an unanticipated increase in the Project's transmission capacity from 750 MW to 883 MW.

Id., para. 4. Comments were received regarding the limited "benefit" and potential larger impact of this two-party agreement:

---

[3] MP failed to introduce MTEP 14 into the record, and cites to a link that does not work. The MTEP 14 Appendices AB can be found at https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=184845

> Missouri River states that it does not oppose the September 26 Filing, but is concerned about the description of the Agreement and certain language about ALLETE's future intentions to recover the revenue requirement relative its share of the completed Project. Missouri River states that it is concerned that if Minnesota Power includes its Project investment costs in the Minnesota Power transmission rate base, then the zonal transmission gross plant, as well as the corresponding MISO Annual Transmission Revenue Requirement, will increase by more than 105 percent.
>
> Therefore, Missouri River requests the Commission state that its acceptance of the Agreement provides no precedent supporting any future attempt by Minnesota Power to recover its revenue requirement through Attachment N of the Tariff or any other means from transmission customers. Moreover, Missouri River requests that the Commission require ALLETE, when it attempts to include any part of its Project investment in its transmission rate base, to provide information supporting the justness and reasonableness of inclusion of only its portions of the Project.

Id., para. 7 – 8. FERC rejected Missouri River's concerns, stating that recovery of Project-related costs in their rate base is speculative and unsupported in its Order:

> C. Commission Determination
>
> 13. We will accept the Agreement for filing, to become effective November 25, 2014, as requested.
>
> 14. We find Missouri River's comments to be outside of the scope of this proceeding. Missouri River's comments do not concern the justness and reasonableness of the Agreement as filed with the Commission, but relate to ALLETE's and Minnesota Power's future intentions for Project-related cost recovery. In any event, **Missouri River's assertion that ALLETE or Minnesota Power intend to seek recovery of their Project-related costs in their rate base is speculative and unsupported.** Moreover, any such cost recovery through rate base would be subject to the Commission's review.
> Accordingly, we reject Missouri River's comments.

Id., p. 5, para. B 13-14 (emphasis added).

The Commission, however, should consider the Missouri River comments and concerns. From the Application, where cost allocation and recovery is addressed, intent to seek recovery of project-related costs in the MP rate base is stated outright, though it is the Minnesota Power ratepayer rate base at issue, and not FERC Tariff Attachment N[4].

Review of FERC Order, Docket ER-2950-0000, shows the purpose of this project:

> MISO states that the Great Northern Transmission Line Project (Project) is being constructed for the sole purpose of satisfying transmission service requests submitted by ALLETE, Manitoba, and Wisconsin Public Service Corporation (Wisconsin PSC). The Agreement reflects the Parties' decision to "participant fund" the Project pursuant to Article III, Sections A.2.a and A.2.e of Attachment FF of the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).

Id., p. 1(footnote citations omitted). This order is only an approval of the cost allocation and FERC memorialization of the agreement and commitment between MP and MH to handle this project as a "participant funded" project, meaning that Manitoba Hydro and Minnesota Power will pay for it. But most important is the statement of the purpose of this project:

> MISO states that the Great Northern Transmission Line Project (Project) is being constructed for the <u>sole purpose</u> of satisfying transmission service requests submitted by ALLETE, Manitoba, and Wisconsin Public Service Corporation.

Id. Transmission service requests are not "need" criteria of Minn. Stat. §216B.243, Subd. 3.

Minnesota Power overstates the meaning of FERC approval of Minnesota Power and Manitoba Hydro's tariff to "participant fund" this project. MISO placement of this project based on that Order approving the Facilities Construction Agreement is not a demonstration of MISO "approval" of the project, only recognition that funding arrangements have been set.

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Commission take notice of the FERC Order approving the project cost recovery tariff, and that MTEP 14 Appendix A listing means only that MISO acknowledges FERC approved "participant pay" agreement and that this is a participant pay project.

[4] Where is the Commission's analysis of rate recovery for this project, and allocation of costs and benefits?

II. COST OF THE PROJECT AND COST ALLOCATION DOESN'T TAKE THE PLANNED AND STUDIED TRANSMISSION SERVICE REQUESTS AND MTEP RATING OF THE LINE INTO ACCOUNT.

Cost estimates, as MP notes in its Initial Brief, have had a wide range through this proceeding, beginning at $500 - $650 million, and now between $557.9 - $710.1 million. The MTEP 14 Appendix AB cited by Applicants lists a cost of $676,242,932.[5] RRANT asks that this MISO Appendix AB cost estimate be taken as the lower bound.

Cost allocation should be considered by the Commission in light of the transmission requests in the record, and the purpose of the project. The Commission should consider whether the project can logically fulfil those purposes, and whether the stated purposes used to allocate the costs produce the correct allocation of costs. Do Minnesota Power ratepayers receive benefits proportional to the use of the project attributable to MP ratepayers? Are the costs apportioned to MP ratepayers equal to the ratio of capacity used for/by MP ratepayers, or is the ratio skewed such that MP ratepayers would pay a higher percentage than the ratio of their MW allocation when considering all the transmission service requests now and in the future up to the full capacity of the line?

This project has also been touted as one necessary for the fulfillment of the PPA (and the agreement between MP and MH to build this project), but has also been touted as "renewable" project, one that will transmit renewable energy from hydro generation, and "lowering emissions and optimizing the value of Minnesota Power's renewable energy resources. MP Initial Brief., p. 1, see also Renewable Optimization Agreements, p. 5-7. However, MP admits:

> In fact, while large hydropower transfers like this do not satisfy the current renewable energy mandates in Minnesota, such a new hydropower transfer could also support compliance with renewable energy requirements for utilities in Wisconsin and other states.

[5] MTEP 14 Appendices AB: https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=184845

MP Initial Brief, p. 30. But Wisconsin is far beyond the claimed terminus of this project at Blackberry – obviously something more is planned.

What is planned? Not only is this project not about "benefits" of renewable energy, as above, the project's "primary economic drivers" are about MP and MH's ability to use this line to participate in market bulk power sales:

> MISO states that the Agreement reflects the Parties' respective capital contributions and ownership interests based on the amount of transmission capacity on the Project necessary to satisfy the line's primary economic drivers, which are sales of hydroelectric power into the United States.

Ex. 64, FERC Order, p. 2, Docket ER14-2950-000. And yes, the sales are planned for Wisconsin, evidenced by the requests for transmission service:

> MISO states that the Great Northern Transmission Line Project (Project) is being constructed for the sole purpose of satisfying transmission service requests submitted by ALLETE, Manitoba, and Wisconsin Public Service Corporation (Wisconsin PSC).

Id., p. 1. This project as a segment of transmission extension beyond Minnesota is supported by MISO Transmission Service Requests included by MP in its Application:

Table 1: MH-US South Bound Requests

\Oasis Ref No	Service Type	Start time	Stop Time	POR	POD	Requested Capacity	Queue Date	Study Number
76703536	Network	Nov-2014	Nov-2024	MHEB-MISO	GRE	200	12/7/2006	A388
76703671	Network	Jun-2017	Jun-2027	MHEB-MISO	WPS	500	6/12/2007	A380
76703672	Network	Jun-2017	Jun-2037	MHEB-MISO	MP	250	7/6/2007	A383
76703686	Network	Jun-2017	Jun-2027	MHEB-MISO	NSP	50	4/17/2008	A416
76703687	Network	Jun-2017	Jun-2027	MHEB-MISO	WEC	100	4/17/2008	A417

Ex. 30, Appendix Q, p. 2 (July 3, 2013). This MISO Transmission Service Request analysis showed varying transfers, 250 MW, 500 MW and 1,100 MW. The 1,100 MW level is reasonable given the MISO MTEP 14 rating of this line at 1,752:

A in MTEP14	B>A	MP, MH	3831	9/12/2014	GNTL	7200	6/1/2020	Dorsey	US/MB Border	500	1732	Dorsey-US/Manitoba Border 500 kV Line
A in MTEP14	B>A	MP, MH	3831	9/12/2014	GNTL	7201	6/1/2020	US/MB Border	Iron Range	500	1732	US/Manitoba Border-Iron Range 500 kV Line

MTEP 14 Appendices AB[6]

The studied capacity of the line is for 1,100 MW of transmission requests, and the rating of the line is 1,752, slightly over 4.5 times the 383 MW of the two PPAs. Ex. 30, Appendix Q, p. 2 (July 3, 2013) and MTEP 14, AppAB_Facility. Presuming the economic drivers and transmission capacity and service requests beyond the 383 MW that the transmission cost allocation to Minnesota Power ratepayers is based, rather than the Minnesota Power 383 MW of the 1,100 MW of transmission requests, is the ratio for Minnesota Power ratepayers correct?

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Commission consider the range of costs presented, take official notice of the MISO MTEP 14 cost of $676,242,932; the range of transmission capacity and the length of this project, take official notice of the MISO MTEP rating of 1752, the MISO Transmission Service Request study, and the location of requesting parties beyond state boundaries and the Blackberry substation that have lined up to use this facility, and find that the cost apportionment scheme is not reasonable or equitable for Minnesota Power ratepayers.

III. PURPOSE OF THE GREAT NORTHERN TRANSMISSION LINE IS NOT TO FULFILL MINNESOTA RENEWABLE ENERGY QUOTAS

While Minnesota Power has admirably done much to shift its supply portfolio to renewable energy, as noted above, the Applicant's admit in their opening lines that "large hydropower transfers like this do not satisfy the current renewable energy mandates in

[6] MTEP 14 Appendices AB_Facility https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=184845 (MTEP 14 was linked in MP Initial Brief but link does not work)

Minnesota." MP Initial Brief, p. 30, see also pps. 1, 27-29, 30-31, 32; Ex. 9, Application, p. 12. To the extent that it touts transmission of renewable energy beyond Minnesota, first, that is a logical impossibility as the project, as proposed, terminates at the Blackberry substation. Secondly, it belies the Applicant's repeated disavowal of extension of the project to Arrowhead and into Wisconsin and beyond, and the MISO Transmission Service Request studies for Wisconsin. This project is a segmented part of a large transmission line for export.

The Applicant exposes the purpose of this project when it states that "such a hydropower transfer could support compliance with renewable energy requirements for utilities in Wisconsin and other states," and cites Wisconsin's renewable portfolio statute. This is repeated nearly verbatim in MP's Initial Brief:

> In fact, while large hydropower transfers like this do not satisfy the current renewable energy mandates in Minnesota, such a new hydropower transfer could also support compliance with renewable energy requirements for utilities in Wisconsin and other states.

MP Initial Brief, p. 30. While this is not about fulfillment of Minnesota renewable energy quotas, a stated purpose is "optimizing the value of Minnesota Power's renewable energy resources." MP Initial Brief, p. 1. This is done by marketing these resources to Wisconsin and beyond, as planned., and "will provide hundreds of millions of dollars in economic benefit to northern Minnesota," presumably Minnesota Power. Id. Again, this marketing and export that would provide "economic benefit to northern Minnesota" has nothing to do with Minnesota.

That's a bizarre notion for a transmission line that ends at Blackberry in Minnesota, and where Applicant repeatedly claims they have no plans to take it further east, and those claims are in direct contradiction of the MTEP Appendix AB[7] and MP's initial Notice Plan filing. Ex. 63.

[7] The MTEP 14 Appendix AB shows the plans for the Blackberry to Arrowhead extension, project 3832:

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Commission take notice that this is not a project intended to have an impact on Minnesota Power's ability to meet its renewable energy quota, and instead that this transmission project is intended to facilitate export renewable and other energy to Wisconsin and beyond.

IV. MINNESOTA POWER ARGUES THAT THIS PROJECT INCREASES RELIABILITY OF THE TRANSMISSION SYSTEM BUT IT DOES NOT.

Minnesota Power uses the word "reliability" many times in its brief, 37 to be precise, but in most instances it is used generally, and vaguely. MP argues that this project will increase efficiency and reliability of the regional transmission system. MP Initial Brief, p. 23, 26, 27.

> As the record shows, the existing interface between Manitoba and the United States, consisting of three 230 kV lines and the Dorsey-Forbes 500 kV line, is unable to accommodate increased transfer of energy from Manitoba into the United States

MP Initial Brief, p. 27. However, ability to accommodate increased transfer of energy is not electrical "reliability," increased transfer capacity is an economic issue and a market desire.

MP also argues that:

> Moreover, an unplanned outage of this existing 500 kV tie line is the second largest contingency in the entire MISO footprint.

Id., p. 28. However, MP overstates the meaning of this statement, and does not cite a reliability

---

B in MTEP14	ATC, MP	3832	Great Northern Transmission Line Phase 2	7206	7/24/2013	12/31/2025	Blackberry	Arrowhead	345	1219	Blackberry - Arrowhead 345 kV line (Ckt 2)	Proposed	
B in MTEP14	ATC, MP	3832	Great Northern Transmission Line Phase 2	7205	7/24/2013	12/31/2025	Blackberry	Arrowhead	345	1219	Blackberry - Arrowhead 345 kV line (Ckt 1)	Proposed	$220,481,656.22
B in MTEP14	ATC, MP	3832	Great Northern Transmission Line Phase 2	7204	7/24/2013	12/31/2025	Blackberry	Transformer	500	1200	Blackberry 1200 MVA 500/345 kV transformer	Proposed	
B in MTEP14	ATC, MP	3832	Great Northern Transmission Line Phase 2	7203	7/24/2013	12/31/2025	Blackberry	Transformer	500	1200	Blackberry 1200 MVA 500/345 kV transformer	Proposed	

concern, specifically, any inability of the transmission system to handle this N-1 contingency. In fact, the system is designed to withstand loss of this element, and the Application to the MISO study states the purpose of the addition of a 500 kV tie line is to "reduce loading" and "improve the performance of the transmission system during this contingency." Ex. 9, Application, p. 13; see also Ex. 29 and 62, Tie Line Studies. There is no claim of any NERC criteria violation.

A long-term reliability problem appearing in the Manitoba Hydro transmission system is the "Loop Flow Impact," where for many years, energy from the North Dakota area takes a "frolic and detour" up through Manitoba and then returns down to the Minnesota metro area. MP provides the early and a more recent edition of the "Loop Flow Study" as support of its claim that this GNTL project will provide increased reliability by eliminating or lessening the Loop Flow Impact. Ex. 62, New Tie Line Loop Flow Impact Study Report. The configurations of the "Eastern Plan," were the "GNTL" line as proposed AND extending to the Arrowhead substation near Duluth. Id., p. 20. Without that Arrowhead connection, the benefits are roughly 50% lower. Id. p. 44.

Another purpose of the study was to compare "Eastern" and "Western" tie lines to evaluate export capacity, and it was found that "Eastern" has the advantage of increasing Manitoba export while allowing increased North Dakota export not available with the "Western" option. Id., p. 69. Thus GNTL would also have the "benefit" of facilitating additional North Dakota coal exports. Id., p. 49 (potentially facilitating 2613 MW of ND outlet capability and if ND outlet maintained at 2200 MW potentially up to 3020 MW of Manitoba Hydro export).

MP's claim that GNTL will provide increased reliability by eliminating or lessening the Loop Flow Impact is also an overstatement, because as the Loop Flow Study demonstrates, CapX 2020 and the MVP Portfolio projects address this problem, as verified by several sensitivity analyses:

> The MISO Multi-Value Project (MVP) portfolio and the CapX2020 Brookings County – Hampton (part of the MVP portfolio) and Hampton – Rochester – La Crosse (not part of the MVP portfolio) 345 kV lines represent a significant transmission expansion in the upper Midwest. Because of their electrical configuration, several of these projects have the potential to alter the bias of power flow out of North Dakota in such a way that there is more power flowing south and east out of North Dakota and less loop flow through Manitoba.

Id., p. 26, see also p. 61. For this reason, to produce modeling that demonstrated improvement in Loop Flow via addition of GNTL, the study disconnected five Wisconsin and Iowa 345 kV MVP transmission lines and five CapX 2020 transmission lines!

MVP & CapX2020 Lines

The MISO Multi-Value Project (MVP) portfolio and the CapX2020 Brookings County – Hampton (part of the MVP portfolio) and Hampton – Rochester – Lacrosse (not part of the MVP portfolio) 345 kV lines represent a significant transmission expansion in the upper Midwest. Because of their electrical configuration, several of these projects have the potential to alter the bias of power flow out of North Dakota in such a way that there is more power flowing south and east out of North Dakota and less loop flow through Manitoba. To that end, the following sensitivities, which are cumulative, were applied to the DPP case only:

North & South Dakota ("Western") MVP lines (MVP_W)

Disconnect North and South Dakota 345 kV MVP lines (listed below with bus numbers)

1. Ellendale – Big Stone South 345 kV (661097-620417)
2. Big Stone South – Brookings County 345 kV (620417-601031)

Iowa & Wisconsin ("Southern") MVP lines (MVP_S)

In addition to the changes made in the MVP_W sensitivity, disconnect Wisconsin and Iowa 345 kV MVP lines (listed below with bus numbers)

1. Lacrosse – North Madison – Cardinal 345 kV (601044-699818-699829)
2. Dubuque – Spring Green – Cardinal 345 kV (631191-693863-699829)
3. Lakefield – Winnebago – Winnco – Burt 345 kV (631138-631193-631197-635369)
4. Sheldon –Burt – Webster 345 kV (635368-635369-636000)
5. Winnco – Hazelton 345 kV (631197-631198-631199-636199-631139)

Selected CapX2020 Lines (CapX)

In addition to the changes made in the MVP_W and MVP_S sensitivities, disconnect selected CapX2020 lines (listed below with bus numbers)

1. Brookings County – Lyon County 345 kV (601031-[10215]-601048)
2. Lyon County – Hazel Creek 345 kV (601048-601054)
3. Lyon County – Cedar Mountain – Helena 345 kV double ckt (601048-615643-601050)
4. Helena – Lake Marion – Hampton Corner 345 kV (601050-601052-601051)
5. Hampton Corner – North Rochester – Lacrosse 345 kV (601051-601039-601044)

Id. p. 26. Translated, this means that to achieve the claimed "reliability" benefits, the modeling must exclude many of the recent transmission system upgrades in the region that are now included in transmission models. With the system upgrades in the model, the benefits are not demonstrated. Id.

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Commission distinguish between electric reliability, as referenced in the Certificate of Need criteria, and economic issues such as congestion and desire to increase export capacity, and to take notice that the "Tie-Line Loop Flow" is not a problem when transmission system upgrades are included in the model, and that the project as proposed has potential to reduce "Tie-Line Loop Flow" only when previously approved transmission projects are removed from the model. Residents and Ratepayers Against Not-so-Great Northern Transmission further request that the Commission should take notice that the Tie Line Study shows Loop Flow decrease and increased transfer capability when prior approved transmission projects are removed the modeling base case.

V. PPAs, SALES AND MARKETING ARE INHERENTLY PROMOTIONAL.

Under Minnesota Certificate of Need criteria, "[i]n assessing need, the commission shall evaluate… promotional activities that may have given rise to the demand for this facility. Minnesota Power argues that Minnesota Power has engaged in no direct promotional activities to encourage the use of more power." MP Initial Brief, p. 32-33, quoting verbatim Ex. 9, Application, p. 15. This assertion is absurd on its face. MP has engaged in significant promotional activities such as Power Purchase Agreements, sales and marketing, Transmission Service Requests, and the agreements and studies to facilitate FERC Orders, MISO MTEP acceptance of the "participant funding" of the project, and the marketing and transmitting of power, all of which are inherently promotional activities, and all of which form the basis for MP's "need claim" and have given rise to the demand for this facility.

The Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Commission consider and take notice of the impact of promotional practices that have given rise to the claim of need for this project. It is these promotional practices that are the root of the basis for Minnesota Power's need claim. Minn. Stat. §216B.243, Subd. 3(4).

VI. "AGREEMENT" AND LACK OF TESTIMONY CHALLENGING NEED HAS NO BEARING ON WHETHER CERTIFICATE OF NEED CRITERIA HAS BEEN MET.

MP states in its brief, arguing that "the record establishes the need for the project," that:

> Minnesota Power and the Department agree that the Commission should issue a CON for the Great Northern Transmission Line (fn. omitted). Moreover, no party provided testimony challenging the need for the Project (fn. omitted).

MP Initial Brief, p. 22. Nowhere in the Certificate of Need criteria is there any mention of "agreement," or a statement of a Dept. of Commerce witness in Surrebuttal, as a criteria for granting a Certificate of Need. MP also uses as argument that "the Department also concluded" and "the Department agreed" with its claims or statements. See e.g., MP Initial Brief, p. 32, 33(x2). Further, MP argues that "[n]o party presented an alternative to the project." This is not correct.

For example, MP itself provided a reasonable alternative, included by the Applicant in the Application, found in the Department's analysis of the PPA, of a 150 MW gas plant in 2014 and another in 2020. Ex. 12, Application, App. C, Commission Order, p. 4 of Commerce analysis incorporated into Order.

Testimony challenging need is not required, testimony generally is not required. It is the Applicant's statutory burden of production and proof. Nowhere is an opposing party required to file testimony to participate in a docket Minn. Stat. 216B.243, Subd. 3. The applicant has the burden of proof and production and should not attempt to shift that to other parties.

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Administrative Law Judge to make a Recommendation based on the statutory criteria, that the Commission to make its decision on that same statutory criteria, in essence, that the Administrative Law Judge and the Commission "follow the law!"

VII. MP'S APPLICATION FOR A CERTIFICATE OF NEED SHOULD BE DENIED.

Residents and Ratepayers Against Not-so-Great Northern Transmission request that the Application of Minnesota Power for a Certificate of Need for the Great Northern Transmission Line be denied. Residents and Ratepayers Against Not-so-Great Northern Transmission also request that several specific recommendations be included in the Recommendation of the Administrative Law Judge to the Commission, including:

- Prior Commission identification of a resource "need" does not infer or compel Commission approval of transmission;
- The Commission should take official notice of FERC approval of the "participant pay" agreement, but this has no bearing beyond that stated in the Order;
- Cost of the project is at least that claimed in MTEP 14, $676,242,932;
- Cost estimates and allocation should take the Transmission Service Requests on record and potential capacity into account;
- The Commission should take official notice that the project purpose is not to fulfill Minnesota renewable energy quotas and that it is planned to provide export beyond Minnesota;
- The Commission should take notice that the Tie Line Study shows Loop Flow decrease and increased transfer capability when prior approved transmission projects are removed the modeling base case; and
- That Power Purchase Agreements, energy export, sales and marketing are promotional practices.

In the alternative, if the ultimate Recommendation to the Commission is that the Certificate of Need be approved, then the Conditions requested by Commerce and the Large Power Intervenors should be required.

January 16, 2015

Carol A Overland

Carol A. Overland #254617
Attorney for Residents and Ratepayers
Against Not-so-Great-Northern
Transmission
1110 West Avenue
Red Wing, MN 55066
(612) 227-8638
overland@legalectric.org