

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

In the Matter of the Request by Minnesota Power
For a Certificate of Need for the
Great Northern Transmission Line

OAH Docket No. 65-2500-31196
MPUC Docket No. E-015/CN-12-1163

Exhibit _____

Surrebuttal Testimony and Exhibit of

ALLAN S. RUDECK, JR.

November 7, 2014

1 **I. INTRODUCTION**

2 **Q. Please state your name, business address and position with Minnesota Power.**

3 A. I am Allan S. Rudeck Jr. and my business address is 30 West Superior Street,
4 Duluth, Minnesota 55802. I serve as Minnesota Power’s Vice President – Strategy
5 and Planning.

6 **Q. Have you previously filed testimony in this proceeding?**

7 A. Yes. I filed Direct Testimony discussing the overall need for the Great Northern
8 Transmission Line (also “Project”) in order for Minnesota Power to continue
9 meeting the needs of our customers for affordable, reliable and sustainable
10 electricity. I also discussed the adverse impact on Minnesota Power, our
11 customers, the State and the region if the Certificate of Need is denied. Finally, I
12 discussed the generation, conservation and demand side management alternatives
13 to the Project that Minnesota Power considered and explained why those do not
14 provide a more reasonable and prudent alternative for meeting the needs
15 identified. As part of my Direct Testimony, I discussed the 133 MW Renewable
16 Optimization Agreements (“Agreements”) as Ex. ___ (ASR), Schedule 2.

17 **Q. What is the purpose of your Surrebuttal Testimony?**

18 A. My Surrebuttal Testimony responds to the Rebuttal Testimony of Dr. Rakow,
19 where he agrees with Large Power Intervenor (“LPI”) witness Mr. Kollen, who

1 recommends that the Commission condition approval of the Certificate of Need
2 for the Great Northern Transmission Line on the approval of the Agreements.

3 **Q. Does Minnesota Power agree with Mr. Kollen and Dr. Rakow on this issue?**

4 A. Yes. As discussed by Mr. McMillan, Minnesota Power has no objection to
5 conditioning the Certificate of Need on the approval of the Agreements. In fact,
6 on November 6, 2014, Minnesota Power filed its Petition with the Commission
7 seeking approval of the Agreements in MPUC Docket No. E-015/M-14-960. I
8 include a copy of the Petition as Ex. ____ (ASR-S), Schedule 1. Please note that
9 this Exhibit contains TRADE SECRET information. Therefore, both a NON-
10 PUBLIC and a PUBLIC version of this Exhibit will be filed.

11 As discussed in the Petition and in my prior testimony, Minnesota Power has
12 agreed to purchase 133 MW of energy from Manitoba Hydro to serve Minnesota
13 Power's customers. Concurrently with this Power Purchase Agreement ("PPA"),
14 Minnesota Power and Manitoba Hydro executed an Energy Exchange Agreement
15 ("EEA") (together with the PPA, the "Agreements") that includes wind storage
16 provisions that further increases the flexibility and value of the Manitoba Hydro
17 resources as part of Minnesota Power's supply. The innovative wind storage
18 feature facilitates timely shifts of energy resources between Minnesota Power and
19 Manitoba Hydro, optimizing the generation of electricity from either wind or
20 water resources to meet customer requirements. The EEA enhances the value of

1 the PPA, helps balance the Company's energy position and maximizes the value
2 of its North Dakota wind resources all to the benefit of Minnesota Power
3 customers. Together, the Agreements advance the goals Minnesota Power as set
4 forth in its Energy*Forward* strategy including reshaping the Company's power
5 supply from a predominantly coal-based energy mix to a balance supply of
6 approximately one-third renewable resources, one-third natural gas, and one-third
7 efficient coal-fired generation. Moreover, the transmission delivery costs for the
8 energy associated with the PPA are covered through a provision in the EEA that
9 credits Minnesota Power customers for transmission revenue requirements
10 components associated with 133 MW of the Project.

11 As also discussed by Mr. McMillan, given the importance of both of the
12 Agreements to the overall Project and the Project economics, Minnesota Power
13 has no objection to requiring their approval as a part of this Certificate of Need
14 proceeding.

15 **Q. Does that conclude your Surrebuttal Testimony?**

16 A. Yes it does.

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