

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 of

DAVID J. MCMILLAN

November 7, 2014

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is David J. McMillan and my business address at Minnesota Power is
4 30 West Superior Street, Duluth, Minnesota 55802.

5 **Q. What are your current positions with Minnesota Power and ALLETE?**

6 A. I am the Executive Vice President – Minnesota Power and Senior Vice President –
7 External Affairs – ALLETE.

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

9 A. Yes. I filed Direct Testimony providing an overview of Minnesota Power’s
10 Certificate of Need Application for the Great Northern Transmission Line (also
11 “Project”) and the Company’s overall approach to this Project, a discussion of the
12 Project ownership and Project participants, a discussion of the potential retail rate
13 impacts of the Project on Minnesota Power’s customers, and a summary of the key
14 factors supporting the issuance of a Certificate of Need for this Project. I also
15 filed Rebuttal Testimony, responding to certain matters raised in the testimonies of
16 Department of Commerce (“Department”) witness Dr. Rakow and the Large
17 Power Intervenors (“LPI”) witness Mr. Kollen.

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

19 A. My Surrebuttal Testimony responds to the Rebuttal Testimony filed by Dr.
20 Rakow. Dr. Rakow’s Rebuttal Testimony addressed the matters discussed by Mr.
21 Kollen which I also addressed in my Rebuttal Testimony. Specifically, Dr. Rakow

1 provided the following testimony regarding the recommendations offered by Mr.
2 Kollen:

- 3 • Dr. Rakow agrees with Mr. Kollen’s recommendation that the Commission
4 condition approval of the Great Northern Transmission Line (“Project”)
5 Certificate of Need on the approval of Minnesota Power’s 133 MW
6 Renewable Optimization Agreements with Manitoba Hydro and on the
7 approval of the Facilities Construction Agreement (“FCA”) with Manitoba
8 Hydro.
- 9 • At page 3 of his Rebuttal Testimony, Dr. Rakow modifies Mr. Kollen’s
10 recommendation regarding a “cost cap,” as follows: “the Department
11 certainly does not oppose making clear to MP the terms of their future cost
12 recovery, consistent with the Commission’s approach regarding cost
13 recovery of projects in other [Certificate of Need proceedings]: 1) MP
14 would be limited to recover in riders only the amount of costs that MP
15 proposes in this proceeding; 2) MP could request recovery of costs above
16 the [Certificate of Need] amount only in a rate case; but 3) MP would have
17 the burden of proof to show that any such costs are prudent and why it
18 would be reasonable to recover such costs from ratepayers.”
- 19 • Regarding Mr. Kollen’s other recommendations regarding AFUDC
20 treatment, rate recovery and cost allocations, Dr. Rakow states at page 4 of
21 his Rebuttal Testimony that “these are cost recovery details that do not need

1 to be addressed at this time. Thus, I recommend that the Commission take
2 no action regarding these issues.”

3 **Q. How do you respond to Dr. Rakow’s Rebuttal Testimony?**

4 A. I agree with his testimony. As I indicated in my Rebuttal Testimony, Minnesota
5 Power does not object to conditioning the approval of the Certificate of Need on
6 the approval of the 133 MW Renewable Optimization Agreements and the
7 approval of the FCA. As I also indicated in my Rebuttal Testimony, the
8 Administrative Law Judge and Commission do not need to address cost recovery
9 or cost allocation issues in this Certificate of Need proceeding. Finally, Minnesota
10 Power has no objection to Dr. Rakow’s recommendations regarding “cost caps,”
11 as his recommendations are consistent with my Rebuttal Testimony in this matter.

12 **Q. Are you aware of any open issues between Minnesota Power and the**
13 **Department of Commerce concerning the Certificate of Need?**

14 A. No. I believe Minnesota Power has addressed the Department’s concerns and I am
15 aware of no open issues between the two parties.

16 **Q. Does this conclude your Surrebuttal Testimony?**

17 A. Yes it does.