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June 11, 2013

Dr. Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101

Re: **Supplemental Reply Comments and Request for Alternative Hearing Date of Flat Hill Windpark I, LLC**

In the Matter of the Application for a Large Wind Energy Conversion System (LWECS) Site Permit for the Flat Hill Windpark I Project in Clay County, Docket No. IP-6687/WS-08-1134; In the Matter of the Application for a Route Permit for the Flat Hill Windpark I 230 kV Transmission Line, Docket No. IP-6687/TL-08-988; and In the Matter of the Application for a Certificate of Need for the Flat Hill Windpark I Project, Docket No. IP6687/CN-08-951

Dear Dr. Haar:

Flat Hill Windpark I, LLC (“Flat Hill”) respectfully requests leave to file brief Supplemental Reply Comments in response to the Public Comments submitted related to Flat Hill’s Petitions in the above-referenced proceedings. Flat Hill is hopeful that its brief response will allay some of the concerns expressed by the three persons that submitted Public Comments and aid in the Commission’s consideration of the issues raised.¹ Flat Hill’s responsive comments are set forth below.

In addition, Flat Hill respectfully requests that the Commission remove the Flat Hill matters from the June 20 Agenda Meeting to a date in late July or early August if feasible.

¹ Flat Hill previously submitted Reply Comments to the comments filed by the Minnesota Department of Commerce Energy Facility Permitting Staff (“Department”) and the Minnesota Department of Natural Resources (“DNR”) in these proceedings. Flat Hill initially elected not to respond directly to the three public comments submitted due to their general nature, but reconsidered its decision and submits these comments in an effort to address the concerns raised.

While Flat Hill appreciates the speed at which the Department and Commission Staff brought the matters raised in Flat Hill's petitions before the Commission, Mr. Mike Beckner, the lead developer for the Flat Hill Project, is expecting the birth of his child in the next few weeks. As a result, Mr. Beckner is currently avoiding traveling from his home in Connecticut and is unavailable for the June 20 Commission meeting. If possible, Mr. Beckner would like to be available at the Commission Agenda Meeting to answer any project specific questions the Commission may have. Flat Hill appreciates the Commission's consideration of this request.

Brief Response to Public Comments

Initially, Flat Hill believes it is important to emphasize that the Project continues to be well supported in the community. One example of this support is Clay County, Minnesota's May 21, 2013 extensions of Flat Hill's Conditional Use Permits for project meteorological towers. When developed, the Project will not only provide economic development benefits and tax revenue for the community, it will act on the many participating landowners' desire to support wind development in the area.² Flat Hill does not raise this point to minimize the concerns expressed in the three public comments; rather, Flat Hill highlights this fact to illustrate that the interests of the numerous participating landowners must also be considered.

In the present case, three brief Public Comments were submitted opposing extensions of the deadlines under which Flat Hill must begin construction and secure an off-take arrangement for the output of its Project as reflected in the Amended Site and Route Permits. The comments were submitted by (1) Mr. Dan Herzog and Ms. Natalie Herzog; (2) Mr. Lanny Bear; and (3) Ms. Kathleen Stradley. Flat Hill respectfully disagrees that the concerns expressed in these comments establish a basis upon which to reject the Petitions.

In their respective comments, Mr. and Ms. Herzog and Mr. Bear oppose Flat Hill's extension requests on the basis that the demand for wind power is decreasing and citing the high costs of wind power and associated tax burdens. As Flat Hill explained in its Petitions, Flat Hill sought extensions of the deadlines under which it must begin construction and secure an off-take arrangement due to delays in the interconnection process, which made it unfeasible for the Project to commit to an off-take arrangement or finalize project financing. Notwithstanding these delays, Flat Hill continues to believe there is a demand for renewable energy from the Flat Hill project as evidenced by Minnesota Power and Xcel Energy's recent RFPs for wind resources seeking up to 400 megawatts of new wind generation resources.

With respect to the cost of wind energy and any associated tax concerns, Flat Hill believes that due to robust competition in Minnesota, wind pricing has never been more advantageous for consumers. In addition, it should also be recognized that Minnesota has made the public policy determination that renewable energy should be a significant part of the State's

² Nearly sixty (60) landowners are participating in the Project.

energy portfolio. While the commenters can certainly disagree with the State's policy (and the availability of Federal tax incentives), that policy debate is more appropriate for the Legislature.

Mr. Bear also expresses a concern with extending the Route Permit two years beyond the date Flat Hill must begin construction of the wind farm under an Amended Site Permit. Flat Hill appreciates Mr. Bear's concern. The development of the wind farm and transmission line will be undertaken at the same time, however. Under no circumstances will the transmission line be constructed two years after the wind farm is constructed. The transmission line and the wind farm are part of a single project. Hopefully this confirmation alleviates Mr. Bear's concern.

Finally, in her May 24 Comments, Ms. Kathleen Stradley states that her property rights will be impacted by the siting of the Flat Hill wind farm and associated transmission line. Flat Hill reiterates, however, that all facilities will be site on property owned by participating landowners. These landowners exercised their own rights to develop their land in the manner they deemed fit. While Flat Hill appreciates Ms. Stradley's concerns, the Amended Site and Route Permits proposed by the Department set forth a number of restrictions that protect the rights of non-participating property owners, including setback requirements, pre-construction studies and surveys and other mitigation measures. The Amended Permits proposed by the Department include the most up-to-date permit conditions, many of which are specifically designed to protect the interests of non-participating landowners.

Flat Hill appreciates the Commission's consideration its requests and is available to answer any questions the Commission may have.

Respectfully submitted,

/s/ Brian M. Meloy

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BMM/cmw

cc: Attached Service List

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Application for a Large Wind Energy Conversion System (LWECS) Site Permit for the Flat Hill Windpark I Project in Clay County; and In the Matter of the Application for a Route Permit for the Flat Hill Windpark I 230 kV Transmission Line)
)
) MPUC Docket Nos. IP-6687/WS-08-1134;
) IP-6687/TL-08-988; and IP-6687/CN-08-951
)

CERTIFICATE OF SERVICE

Catherine M. Wood, certifies that on June 11, 2013, she served true and correct copies of the **SUPPLEMENTAL REPLY COMMENTS AND REQUEST FOR ALTERNATIVE HEARING DATE OF FLAT HILL WINDPARK I, LLC** upon the following parties via e-filing and/or U.S. Mail:

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/s/ Catherine M. Wood

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