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November 12, 2013

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VIA E-DOCKET FILING

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
Saint Paul, MN 55101-2147

Re: In the Matter of the Petition of Minnesota Power for Approval of Investments and Expenditures in the Bison 4 Wind Project for Recovery through Minnesota Power's Renewable Resources Rider under Minn. Stat. § 216B.1645

PUC Docket No. E15/M-13-907

Dear Dr. Haar:

On behalf of the Large Power Intervenors ("LPI"), please find attached the Comments of LPI on the above-referenced matter.

Please feel free to contact me with any questions.

Sincerely,

Stoel Rives LLP

/s/ Sarah Johnson Phillips

Sarah Johnson Phillips

cc: Service List

Attachments:

Comments of LPI
Certificate of Service

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 7th Place East, Suite 350
St. Paul, MN 55101-2147

In the Matter of the Petition of Minnesota
Power for Approval of Investments and
Expenditures in the Bison 4 Wind Project
for Recovery through Minnesota Power’s
Renewable Resources Rider under Minn.
Stat. § 216B.1645

PUC Docket No. E015/M-13-907

COMMENTS OF LPI

The following companies submit this comment in the above-captioned docket collectively as a party known as the Large Power Intervenors (“LPI”): ArcelorMittal USA (Minorca Mine); Boise, Inc.; Enbridge Energy, Limited Partnership; Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; NewPage Corporation; PolyMet Mining, Inc.; Sappi Cloquet, LLC; UPM – Blandin Paper Company; USG Interiors, LLC; United States Steel Corporation (Keewatin Taconite and Minntac Mine); and United Taconite, LLC.

I. INTRODUCTION

On September 27, 2013, Minnesota Power filed its petition (the “Petition”) for approval of investments and expenditures related to the development of the Bison 4 Wind Project and associated transmission facilities and upgrades. The Bison 4 Wind Project is a 204.8 MW wind generation facility located in Oliver County, North Dakota (“Bison 4”) adjacent to Minnesota Power’s operating Bison 1, 2, and 3 Wind Projects. According to the Petition, energy from Bison 4 will be delivered to customers via a combination of the High Voltage Direct Current Transmission Line (the “DC Line”) and the North Dakota and Minnesota alternating current transmission system. (Petition, p. 4.) Minnesota Power acquired the DC Line in 2009 from Square Butte Electric Cooperative and is in the process of upgrading it to allow for continuous operation at 550 MW by the end of 2013. (Petition, p. 13.) Minnesota Power currently shares the firm transmission service of the DC Line with Minnkota Power, which uses the DC Line to deliver 227.5 MW of power from the Milton R. Young Unit 2 Lignite Coal electric generating station. Minnkota

Power will discontinue using the DC Line upon completion of its Center to Grand Forks 345 kV AC transmission line project (the “Minnkota 345 kV Line”). Construction of the new Minnkota 345 kV Line originally was scheduled to be completed no later than the end of 2013, but the completion date has been delayed until February 28, 2014.¹

II. ANALYSIS

LPI does not dispute that, based on Minnesota Power’s analysis, Bison 4 appears to be cost competitive. However, LPI has previously expressed concern about the potential impacts on ratepayers of any delay in the completion of the Minnkota 345 kV Line. Since completion of that project has already been delayed two months and Minnesota Power is relying on gaining full access to the DC Line in order to efficiently deliver energy from Bison 4 and the existing Bison Wind Projects, LPI respectfully requests that the Commission recall its previous determinations regarding allocation of risks associated with construction of the Minnkota 345 kV Line.

In previous proceedings related to the DC Line, LPI argued that that ratepayers should not bear the risk of construction delays for Minnkota’s 345 kV line.² In its Order approving Minnesota Power’s purchase of the DC Line, the Commission agreed with LPI that ratepayers could be harmed by delays in completion of the Minnkota line and required that Minnesota Power “hold ratepayers harmless from increases in costs, if any, if Minnkota fails to timely complete the 345 kV AC transmission line.”³ The Commission also ordered Minnesota Power to file updates on Minnkota’s 345 kV Line every six months and to rerun its planning models if the Minnkota 345 kV Line is not timely completed. In its most recent update, filed July 10, 2013, Minnesota Power

¹ *In the Matter of Minnesota Power’s Petition to Purchase Square Butte Cooperative’s Transmission Assets and for Restructuring the Power Purchase Agreements from Milton R. Young Unit 2 Generating Station*, Docket No. E015/PA-09-526, Minnesota Power Six Month Compliance Filing, July 10, 2013, at p. 2 (“July 10, 2013 Minnkota 345 kV Line Update”); Center to Grant Forks Project website, <http://www.minnkotacgf.com/project-news/project-to-be-completed-by-feb.-28-2014/>, last visited November 11, 2013.

² See, e.g., *In the Matter of Minnesota Power’s Petition to Purchase Square Butte Cooperative’s Transmission Assets and for Restructuring the Power Purchase Agreements from Milton R. Young Unit 2 Generating Station*, Docket No. E015/PA-09-526, LPI’s Exceptions to the Findings of Fact, Conclusions and Recommendations of the Administrative Law Judge, November 6, 2009, at p. 14.

³ *In the Matter of Minnesota Power’s Petition to Purchase Square Butte Cooperative’s Transmission Assets and for Restructuring the Power Purchase Agreements from Milton R. Young Unit 2 Generating Station*, Docket No. E015/PA-09-526, Order Granting Petition with Conditions, December 21, 2009.

acknowledged the two-month delay and that it is analyzing the potential impact on ratepayers.⁴

Minnesota Power's analysis of curtailment and delivery risks for Bison 4 rely on timely completion of the Minnkota 345 kV Line. (Petition, p. 30-31) While the anticipated February 28, 2014 completion date for the Minnkota 345 kV Line remains several months ahead of Minnesota Power's plans to bring Bison 4 online in December 2014, any further delays could create deliverability issues and increased costs. Further, the two-month delay means Minnesota Power will not have full access to the DC Line in early 2014 for delivering energy from the operating Bison 1, 2, and 3 Wind Projects. Consistent with the Commission's order when it approved Minnesota Power's acquisition of the DC Line, ratepayers should be held harmless from any costs associated with this delay.

III. CONCLUSION

LPI appreciates the opportunity to comment on the Bison 4 Petition. As described above, LPI does not oppose the Bison 4 Wind Project, but sincerely hopes the Commission will recognize the competitive pressures facing the large power class and condition its approval of the Petition on continuing to hold ratepayers harmless for any increase in costs associated with delays in completion of the Minnkota 345 kV Line.

Dated: November 12, 2013

Respectfully submitted,

STOEL RIVES LLP
/s/ Andrew P. Moratzka
Andrew P. Moratzka
Sarah Johnson Phillips
33 South Sixth Street, Suite 4200
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⁴ July 10, 2013 Minnkota 345 kV Line Update, at p. 2.

CERTIFICATE OF SERVICE

I, Sarah Johnson Phillips, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same envelope with postage paid in the United States mail at Minneapolis, Minnesota.

Comments of LPI

PUC Docket No. E015/M-13-907

Dated this 12th day of November, 2013

/s/ Sarah Johnson Phillips

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