

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Joseph K. Sullivan	Vice Chair
Hwikwon Ham	Commissioner
Valerie Means	Commissioner
John A. Tuma	Commissioner

**In the Matter of the Application of
Minnesota Power for a Certificate of
Need and a High Voltage Transmission
Line (HVTL) Route Permit for the
HVDC Modernization Project in
Hermantown, St. Louis County**

**Docket Nos. E-015/CN-22-607;
E-015/TL-22-611**

**EXCEPTIONS OF AMERICAN
TRANSMISSION COMPANY**

American Transmission Company LLC by and through its corporate manager ATC Management Inc. (“ATC”) respectfully files these Exceptions to the June 21, 2024, Administrative Law Judge’s (“ALJ”) Findings of Fact, Conclusions of Law and Recommendation (“ALJ Report” or “Report”) regarding Minnesota Power’s (“MP”) application for a certificate of need and route permit for the High-Voltage Direct Current (“HVDC”) Modernization Project (“Project”). As ATC has demonstrated on the record, when compared to MP’s proposal to construct an entirely new substation less than one mile away from ATC’s existing 345/230 kV Arrowhead Substation (the “MP Proposal”), the Arrowhead Substation Alternative brought forward by ATC:

- Makes the most efficient use of existing resources;
- Meets the purpose and need for the Project, while also providing the capability to expand should future needs arise;

- Provides more reliable and efficient electric transmission service to meet MP's and regional energy needs;
- Provides the lower cost means of interconnection to the AC transmission system; and
- Minimizes impacts to the natural and human environment.

Since abruptly pivoting from its stated preference to interconnect the upgraded converter station and HVDC Line to ATC's existing 345/230 kV Arrowhead Substation over the course of a two-and-a-half week period in 2022,¹ MP has worked to thwart any thorough stakeholder or regulatory review that compares the costs and benefits of the MP Proposal and the Arrowhead Substation Alternative. First, MP fought Minnesota Public Utilities Commission ("Commission") consideration of the Arrowhead Substation Alternative. Second, MP never vetted the Project through the open and collaborative MISO Transmission Expansion Plan ("MTEP") stakeholder review process, where both the MP Proposal and Arrowhead Substation Alternative could have been fully evaluated by the regional grid operator and other interested stakeholders.² Finally, and most brazenly, MP attempted to use the Minnesota legislative process to reverse this Commission's decision to review both the MP Proposal and the Arrowhead Substation Alternative and to *prohibit* the Commission from examining whether, in fact, the Arrowhead Substation Alternative

¹ Exhibit ("Ex.") ATC-200 at 6 (McKee Direct); *see also* Ex. MP-122, Schedule 24 at 6 (Winter Direct) (NON-PUBLIC DOCUMENT).

² *See generally* Ex. ATC-243 at 18–32 (Dagenais Rebuttal). MP evaded this open and transparent stakeholder process even though FERC explicitly noted that the HVDC Line must be subject to this process when MP acquired full ownership of the line in 2009. Ex. ATC-243 at 7 (Dagenais Rebuttal).

provides overall benefits to Minnesota and the region.³ These efforts are the antithesis to sound regional transmission planning, which requires open and transparent review of potential alternatives – exactly the review this Commission called for in its November 29, 2023 Order.

ATC participated in this proceeding in good faith and provided substantial evidence documenting the state and regional benefits of the Arrowhead Substation Alternative. ATC hoped that the ALJ Report would critically review that evidence and meaningfully analyze the relative merits of the MP Proposal and the Arrowhead Substation Alternative, to ensure the most efficient, reliable and least impactful interconnection proposal for the Project would be implemented. Unfortunately, the Report does not provide that critical review. Rather, the Report accepts certain MP assertions in their entirety, without even addressing the evidence brought forward by ATC fully rebutting those assertions. For example, the Report fails to even cite to ATC’s analysis dispelling the notion that the Arrowhead Substation Alternative will somehow result in power being diverted to Wisconsin customers at the expense of Minnesota ratepayers.⁴ Instead, the Report repeats MP’s incorrect claim that the Arrowhead Substation Alternative would result in significant

³ MP efforts fail, since the legislative language it brought forward cannot be applied retroactively to reverse the Commission’s November 29, 2023 ORDER IDENTIFYING ALTERNATIVE PROPOSAL FOR ENVIRONMENTAL ASSESSMENT SCOPE, GRANTING VARIANCE, AND NOTICE OF AND ORDER FOR HEARING, Ex. PUC-701. *See* ATC Reply to Minnesota Power Motion to Take Administrative Notice, June 11, 2024 (eDocket No. 20246-207602-01).

⁴ *See, e.g.*, Ex. ATC-228 at 38–40 (Dagenais Direct); Ex. ATC-243 at 15–16, 37–40 (Dagenais Rebuttal); Hearing Transcript (“Tr.”) at 84–85, 109–110, 116–17 (Dagenais).

increased power flow to Wisconsin, to the detriment of Minnesota.⁵ Similarly, the Report parrots MP's arguments regarding federal funding, claiming that if the Commission approves the Arrowhead Substation Alternative, the Project would not be eligible for this funding.⁶ In doing so, the Report again fails to even cite to the evidence provided by ATC, including recent guidance from the Department of Energy, demonstrating that MP's representations on this issue are simply incorrect.⁷ These and other examples demonstrate a failure to even consider, much less meaningfully weigh, the full evidentiary record of this proceeding.

As discussed in ATC's Initial and Reply Briefs in this matter, ATC believes the record of this proceeding demonstrates that the Arrowhead Substation Alternative provides a more efficient, more reliable and less impactful alternative means of interconnection than the MP Proposal, providing significant benefits to Minnesota and the region. Given those benefits, ATC encourages the Commission's independent review of this record. And regardless of the Commission's ultimate decision, ATC will continue to work for broad, open, transparent and robust stakeholder input and analysis of future projects to ensure sound regional transmission planning and looks forward to participating in such discussions and analyses.

⁵ ALJ Report at Finding 216.

⁶ ALJ Report at Finding 126.

⁷ See ATC Initial Brief at 57-62 (eDocket Nos. 20243-204747-01, 20243-204747-03 (ATC Comments on the Environmental Assessment)).

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