

September 30, 2025

Sasha Bergman  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce  
Docket No. ET2,E017,ET6135, E100/CN-24-263

Dear Ms. Bergman:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

*In the Matter of the Application of Great River Energy, Otter Tail Power Co.,  
Western Minnesota Municipal Power Agency, Agralite Electric Coop., and the City  
of Benson for a Certificate of Need and Route Permit for the Appleton to Benson  
115-Kilovolt Transmission Line Project.*

The Petition was filed by Great River Energy, Otter Tail Power Company, Western Minnesota Municipal Power Agency, Agralite Electric Cooperative, and the City of Benson on July 29, 2024.

The Department recommends that the Minnesota Public Utilities Commission (Commission) consider the impacts detailed in the Environmental Report, and, if the impacts are acceptable, approve the Certificate of Need. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB  
Assistant Commissioner of Regulatory Analysis

SR/RW/ar  
Attachment



## Before the Minnesota Public Utilities Commission

### Comments of the Minnesota Department of Commerce

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Docket No. ET2,E017,ET6135, E100/CN-24-263

#### I. INTRODUCTION

In this proceeding, the Great River Energy (GRE), Otter Tail Power Company (OTP), Western Minnesota Municipal Power Agency (WMMPA), Agralite Electric Cooperative (Agralite), and the City of Benson (collectively, “Applicants”) requested the Minnesota Public Utilities Commission (PUC or Commission) approve a certificate of need (CN) for a transmission line project in Swift County, Minnesota.

The Applicants’ proposed 115 kilovolt (kV) line transmission would run between Appleton and Benson, Minnesota and would be approximately 29 miles long. The Applicants propose to upgrade, rebuild or reconductor, and/or construct new transmission lines between the following substations: Appleton, Shible Lake, Moyer, Danvers, Benson, and Benson Municipal. The Shible Lake, Benson, and Benson Municipal Substations are existing substations that will be modified and/or expanded. The Applicants propose to construct a new Appleton Substation. Finally, the Moyer and Danvers Substations will be expanded or relocated (Project).<sup>1</sup> The Applicants anticipate the proposed Project will be placed in service in 2030.<sup>2</sup>

The Applicants state that the proposed Project is needed to meet load serving needs in the area and avoid low voltage issues under certain contingency scenarios driven by the retirement of the 55 megawatt (MW) FibroMinn Energy Center near the City of Benson. These comments address the merits of the CN.

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<sup>1</sup>*In the Matter of the Application of Great River Energy, Otter Tail Power Co., Western Minnesota Municipal Power Agency, Agralite Electric Coop., and the City of Benson for a Certificate of Need and Route Permit for the Appleton to Benson 115-Kilovolt Transmission Line Project*, Great River Energy, Otter Tail Power Co., Western Municipal Power Agency, Agralite Electric Coop., and City of Benson, Petition, December 27, 2024, Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [202412-213349-02](#) (hereinafter “Petition”) at 1.

<sup>2</sup> Petition at 32.

## II. PROCEDURAL BACKGROUND

December 27, 2024	The Applicants filed their Petition requesting the Commission approve a CN for the proposed Project. <sup>3</sup>
January 3, 2025	The PUC issued its Notice for Comment on Application Completeness. <sup>4</sup>
January 14, 2025	The Department EERA [now part of the Commission's Energy Infrastructure Planning unit (EIP)] <sup>5</sup> and the Department <sup>6</sup> filed comments on the completeness of the Petition.
January 21, 2025	The Applicants filed reply comments on completeness of the Petition. <sup>7</sup>
March 10, 2025	The Commission issued an order declaring the Petition to be complete. <sup>8</sup>
August 8, 2025	The PUC issued its Notice of Public Hearings and Availability of Environmental Assessment (EA). <sup>9</sup>
August 27, 2025	The Commission its Amended Notice of Public Hearings and Availability of EA. <sup>10</sup>

According to the Commission's Amended Notice the following topics are open for comment:

- Should the Commission grant a route permit for the proposed 115 kV Appleton to Benson Transmission Line?
- If granted, what additional conditions or requirements should be included in the site permit?
- Should the Commission grant a certificate of need for the proposed project?

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<sup>3</sup> Petition.

<sup>4</sup> *Notice of Comments on Application Completeness*, January 3, 2025, Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20251-213500-01](#).

<sup>5</sup> Comments on Application Completeness, Department EERA, January 14, 2025, Docket Nos. Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20251-213944-01](#).

<sup>6</sup> Comments on Application Completeness, Department EERA, January 14, 2025, Docket Nos. Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20251-213897-01](#).

<sup>7</sup> Reply Comments on Application Completeness, Applicants, January 21, 2024, Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20251-214178-01](#).

<sup>8</sup> *Order*, Commission, March 10, 2025, Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20253-216204-01](#).

<sup>9</sup> *Notice of Public Hearings and Availability of Environmental Assessment*, August 8, 2025, Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20258-221888-01](#).

<sup>10</sup> *Amended Notice of Public Hearings and Availability of Environmental Assessment*, August 27, 2025, Docket Nos. ET2,E017,ET6135, E100/CN-24-263, (eDockets) [20258-222468-01](#). (Hereinafter "Amended Notice").

- If granted, what additional conditions or requirements, if any, should be included in the certificate of need?

### III. DEPARTMENT ANALYSIS

Minn. Stat. § 216B.2421, subd. 2(3) defines a large energy facility (LEF) as “any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota.” Since the proposed Project is 115 kV and about 29-miles long, it qualifies as an LEF. Minn. Stat. § 216B.243, subd. 2 states that “no large energy facility shall be sited or constructed in Minnesota without the issuance of a certificate of need by the Commission...” Therefore, a CN application must be approved by the Commission before the proposed Project can be sited or constructed.

Minnesota Statutes and Rules set forth a number of factors that an applicant must meet before the Commission can approve a CN. In an attempt to clarify its analysis, the Department divides the applicable statutes and rules into five categories as discussed below.<sup>11</sup>

For a CN an Environmental Report (ER) is prepared by EIP. The ER analyzes the effects of the proposed Project and the alternatives upon the natural and socioeconomic environments.<sup>12</sup> In this case the ER is part of the EA mentioned above. The Department recommends that the Commission consider the ER in making its determination.

#### A. NEED ANALYSIS

Minnesota Rules 7849.0120 states that a CN “must be granted to the applicant on determining that” and proceeds to list 4 factors. Minnesota Rules 7849.0120 A requires the Commission to determine “the probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the applicant, to the applicant's customers, or to the people of Minnesota and neighboring states.” The rule then lists five specific considerations. The Department addresses each consideration separately.

##### A.1. Accuracy of the Forecast

##### A.1.1. Background

Minnesota Rules 7849.0120 A(1) states that, in assessing need, the Commission shall evaluate “the accuracy of the applicant's forecast of demand for the type of energy that would be supplied by the proposed facility.”<sup>13</sup> The Commission’s September 23, 2021 *Order Granting Certificate of Need and Issuing Site Permit and Route Permit* (Plum Creek Order) in Docket Nos. IP6697/CN-18-699, IP6697/WS-18-700, and IP6697/TL-18-701 clarified this criterion:

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<sup>11</sup> Need Analysis, Alternative Analysis, Socioeconomic Analysis, Other Permits, and Policy Analysis.

<sup>12</sup> In this case the ER is part of the EA prepared by the EIP.

<sup>13</sup> [Minn. R. 7849.0120, subp. A](#); Note that [Minn. Stat. § 216B.243, subd. 3\(1\)](#) requires the Commission to evaluate the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based.

Plum Creek did not use data from a PPA [power purchase agreement], IRP [integrated resource plan], or biennial transmission project report to demonstrate demand for the Project. However, under Minnesota statute and rules, there is no requirement that Plum Creek present a PPA, IRP, biennial transmission project report, or any other specific data to demonstrate demand. The Legislature contemplated that independent power producers would construct such projects and did not require them to enter into power purchase agreements before obtaining a certificate of need. Rather, the Commission may evaluate demand using any data it finds persuasive, on a case-by-case basis. Furthermore, because Plum Creek is an independent power producer and not a utility, the Commission granted it certain variances to provide alternative data when more appropriate, and the data provided is sufficient to demonstrate demand.

In this case, Plum Creek showed that utilities and commercial and industrial customers have reported strong clean energy goals above and beyond RES [Renewable Energy Standard] requirements, and additional renewable energy sources will be needed to meet that demand. Furthermore, utilities plan to retire coal-based generating units across the region in the coming years, and renewable energy sources are expected to fill some of the resulting capacity needs. These established goals and plans are strong evidence of a utility's intention for future energy development and can be used to demonstrate demand, especially when consistent with stated public policy goals. [Citation omitted.]<sup>14</sup>

The Department considered this guidance in formulating the analysis of the Applicants' forecast of demand for the type of energy that would be supplied.

#### *A.1.2. Applicants' Need Analysis*

In 2020, GRE, OTP, Missouri River Energy Services, and Xcel Energy completed a study to evaluate the shutdown of the 55 MW FibroMinn Energy Center near Benson, Minnesota.<sup>15</sup> The retirement created near-term load-serving reliability concerns. The resulting *Benson Area Load Serving Study* (BAL Study), is included as Appendix I of the Petition. The BAL Study used MISO Transmission Expansion Plan (MTEP) 2018 data to study 68 distribution substations in the area. The BAL Study concluded that the key areas to be addressed were the 29 distribution substations interconnected to the 115 kV system around Benson.

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<sup>14</sup> *Order Granting Certificate of Need and Issuing Site Permit and Route Permit*, September 23, 2021, Docket Nos. IP6697/CN-18-699, IP6697/WS-18-700, and IP6697/TL-18-701, (eDockets) [20219-178198-01](#) (hereinafter "Plum Creek Order").

<sup>15</sup> See Docket No. E002/M-17-530 for details regarding the process that led to the retirement of the FibroMinn Energy Center.

Subsequently the Applicants performed an updated planning study, included as Chapter 4 of the Petition. This work updated the data from the MTEP 2018 data series (used for the BAL Study) to MTEP 2023 data. For the update, the 2028 summer peak model from MTEP 2023 was used. The study area for the update includes 29 distribution substations, as identified in the BAL Study, and is shown in Diagram 4-1 of the Petition. Updates to the MISO model include:

- MISO's MTEP 2023 models include the proposed Project, for the purposes of the update, the line was removed from the model and replaced with the existing 41.6-kV line;
- adding future planned load interconnections, such as Great River Energy's Swenoda and Dublin distribution substations;
- retiring the Cashel distribution substation; and
- loads in the model were updated with the forecasted peak load.<sup>16</sup>

The original BAL Study used peak demands from the five years leading up to 2019. The data was used to forecast demand in the year 2028. To develop the updated load forecast the Applicants used historical meter data from the five years through the end of 2023. In addition to updating the existing load forecasts, two new loads were included in the update; the loads are expected to be in-service by 2028: Darnen and Hodges Substations. The updated forecasts are shown in Table 4.2-1 of the Petition.

Compared to the BAL Study's 2028 forecast, the updated 2028 forecast is greater:

- in the BAL Study the peak load was 79 MW for the Study Area with a forecasted peak 2028 load of 87 MW; and
- in the update the peak load based on 2023 data is 83 MW for the Study Area with a 2028 forecasted peak of 99 MW.<sup>17</sup>

According to the Petition, the main contribution to the increase in load is expected new industrial loads served by Agralite.<sup>18</sup>

For the updated analysis, the Applicants took the updated transmission system model and input the original load forecast, with a peak of 87 MW (2028 forecast). Numerous violations were encountered in the results.<sup>19</sup> The Applicants then input the updated forecast with a peak of 101.6 MW (2028 forecast). In that case the same issues identified in the original BAL Study worsened.

The study determined that the load serving capability of the existing system, before the proposed Project, is 65 MW in the study area under single contingency (N-1) conditions and 0 MW under N-2

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<sup>16</sup> Petition at 39.

<sup>17</sup> *Id.* at 40.

<sup>18</sup> *Id.* at 44.

<sup>19</sup> *Id.* at 42.

conditions.<sup>20</sup> Clearly this result is insufficient to meet the existing load of 86 MW and forecast load of about 100 MW in 2028.

Overall, the Applicants state that the updated analysis confirms the need for additional load-serving support found in the BAL Study. According to the Petition, the updated study:

- reaffirms the Project will be the best performing option to meet the identified needs;
- determines that updated load forecasts predict higher growth rates, reinforcing the need for the Project;
- affirms that the existing load cannot be reliably served without the Project; and
- demonstrates the proposed Project will provide an additional 47 MW of system capacity under the worst single (N-1) contingency and an additional 77 MW capacity under the worst double (N-2) contingency.<sup>21</sup>

The Petition also explains that the need for the project is not just derived from modeling results. In May 2022:

[t]he Benson to Kerkhoven 115-kV line was out of service and severe weather caused an outage of the Morris to Benson 115-kV transmission line. All the 115-kV, 69-kV, and 41.6-kV substations served from Benson were lost as well as all the 41.6-kV substations served from Walden. This resulted in the loss of nine Agralite substations and most of their load as well as four REA [Runestone Electric Association] substations and ten Otter Tail Power substations. It took a day to restore service to all area substations. Had the proposed Project been in-service, it is likely that only the two substations served directly from the Morris to Benson line would have been affected and reconfiguration and restoration could have occurred more quickly.<sup>22</sup>

#### *A.1.3. Department Need Analysis*

Given that both the load serving capability of the system is less than historic peak and also that actual conditions in May 2022 demonstrate a need for transmission improvements in the area, the Department did not pursue detailed forecast analysis. Between the historic peak and the May 2022 event, the accuracy of the Applicants' forecast of demand for the type of energy that would be supplied by the proposed facility is not relevant because actual demand already exceeds the reliable supply capacity of the transmission grid.

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<sup>20</sup> Petition at 45.

<sup>21</sup> Petition at 35.

<sup>22</sup> Petition at 43.

### *A.2. Conservation Impacts*

Minnesota Rules 7849.0120 A (2) states that the Commission must consider “the effects of the applicant's existing or expected conservation programs and state and federal conservation programs.”<sup>23</sup>

As noted above, the load serving capability of the system before the proposed Project is 65 MW in the defined study area under single contingency (N-1) conditions while the existing load is 86 MW. Thus, demand is greater than supply capability. Further, the impacts of existing conservation programs would be embedded in the existing load data. Therefore, the effects of the Applicants’, state, and federal existing or expected conservation programs could not eliminate or materially change the need for the project.

### *A.3. Promotional Practices*

Minnesota Rules 7849.0120 A (3) states that the Commission must consider “the effects of promotional practices of the applicant that may have given rise to the increase in the energy demand, particularly promotional practices which have occurred since 1974.”<sup>24</sup>

Regarding this criterion, the Applicants state that they have not conducted any promotional activities or events that have triggered the need for the proposed Project. The need is driven by regional reliability issues that have arisen from the shutdown of the FibroMinn Energy Center.

The Department agrees with the Applicants’ analysis and conclusion regarding promotional practices.

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<sup>23</sup> [Minn. R. 7849.0120 A \(2\)](#). Also, note that [Minn. Stat. § 216B.243, subd. 3](#) states that “No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures,” Minnesota Statutes § 216B.243 subd. 3(2) requires the Commission to evaluate the “effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand.” Minnesota Statutes § 216B.243 subd. 3(6) requires the Commission to evaluate “possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation.” Minnesota Statutes § 216B.243 subd. 3(8) requires the Commission to evaluate “any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically.”

<sup>24</sup> [Minn. R. 7849.0120 A \(3\)](#). Note that [Minn. Stat. § 216B.243, subd. 3\(4\)](#) requires the Commission to evaluate promotional activities that may have given rise to the demand for this facility.



#### *A.4. Non-CN Facilities Analysis*

Minnesota Rules 7849.0120 A (4) states that the Commission is to consider “the ability of current facilities and planned facilities not requiring certificates of need to meet the future demand.”<sup>25</sup>

MISO’s model development practice is to include in MISO’s transmission models all existing facilities and all projects that have been approved by MISO. The Applicants used MISO models for their analysis. Therefore, “the ability of current facilities and planned facilities not requiring certificates of need to meet the future demand” has been considered, since all current facilities would be in MISO’s transmission models and all planned facilities that have been approved by MISO would also be included in MISO’s transmission models.

The Department concludes that current facilities and planned facilities not requiring certificates of need have been considered and will not be able to meet the future demand.

#### *A.5. Efficient Use of Resources*

Minnesota Rules 7849.0120 A (5) states that the Commission is to consider “the effect of the proposed facility, or a suitable modification thereof, in making efficient use of resources.”<sup>26</sup>

First, according to the Petition the proposed route uses existing transmission line corridors for 67 percent of the route and is co-located with road rights-of-way for 68 percent of the route.<sup>27</sup> The use of existing corridors is an efficient use of resources because it does not burden additional land rights.

Second, the proposed Project would reduce demand losses by an estimated 3.13 MW.<sup>28</sup> Most of the loss savings will be shared by OTP, GRE, and Xcel Energy. The reduced demand losses will also lead to reduced energy losses. This reduction in demand and energy losses allows OTP, GRE, and Xcel Energy to make more efficient use of existing generation resources.

#### *A.6. Department Conclusion*

Based upon the above analysis, the Department concludes that the Applicants’ Petition satisfies the requirements of relevant rules. Furthermore, the probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the Applicants, to the Applicants’ customers, and to the people of Minnesota and neighboring states.

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<sup>25</sup> [Minn. R. 7849.0120 A \(4\)](#). Also note that [Minn. Stat. § 216B.243, subd. 3\(6\)](#) requires the Commission to evaluate alternatives for satisfying the energy demand or transmission needs including but not limited to upgrading of existing energy generation and transmission facilities and distributed generation.

<sup>26</sup> [Minn. R. 7849.0120 A \(5\)](#).

<sup>27</sup> Petition at 61.

<sup>28</sup> Petition at 46.

*B. ALTERNATIVES ANALYSIS*

*B.1. Size, Type and Timing*

Minn. R. 7849.0120 B (1) requires that a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence on the record, and then proceeds to list four considerations. The first consideration is “the appropriateness of the size, the type, and the timing of the proposed facility compared to those of reasonable alternatives.”<sup>29</sup>

The Department discusses each criterion—size, type and timing—in turn below.

*B.1.1. Size*

Regarding size, the Department discussed the definition of size (as well as type and timing) in the context of transmission in the Department’s January 28, 2013, comments in Docket No. ET6675/CN-11-826.<sup>30</sup> In that proceeding, the Department defined “size” as referring to “the quantity of power transfers that the transmission infrastructure improvement enables.”<sup>31</sup> The Department maintains this interpretation.

In their Petition, the Applicants considered whether higher or lower voltage alternatives could meet the identified needs of the project. The Applicants state that voltages higher than 115kV were not carried forward for detailed analysis because voltages higher than 115kV have not been established at Appleton or Benson and would require new transformers and substation equipment as well as larger conductors.<sup>32</sup> The Applicants concluded the additional costs of a higher voltage are not justified by the need.<sup>33</sup> A lower voltage was also considered. The Applicants evaluated and dismissed a 41.6kV alternative, because upgrading the existing 41.6kV line and operating network would not provide the necessary capacity to supply the system’s peak loads.<sup>34</sup> Furthermore, the Applicants state that operating the 41.6kV system networked would cause reliability concerns due to a lack of communication between relays on each end of the system at 41.6kV.<sup>35</sup>

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<sup>29</sup> [Minn. R. 7849.0120 B \(1\)](#).

<sup>30</sup> *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy and Great River Energy for a Certificate of Need for the Upgrade of the Southwest Twin Cities Chaska Area 69 kV Transmission Line to 115 kV Capacity*, Department Comments, January 28, 2013, Docket No. E002/CN-11-826, (eDockets) [20131-83242-01](#), at 15.

<sup>31</sup> *Ibid.*

<sup>32</sup> Petition at 51.

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

<sup>35</sup> *Ibid.*

### *B.1.2. Type*

As noted above, the Department discussed the definition of type in the context of transmission lines in the Department's January 28, 2013, comments in Docket No. ET6675/CN-11-826.<sup>36</sup> In that proceeding, the Department interpreted "type" as referring to "the transformer nominal voltages, rated capacity, surge impedance loading (SIL), and nature (AC or DC) of power transported."<sup>37</sup> The Department maintains this interpretation.

The Applicants also examined several other alternatives for the proposed project including different endpoints for the line, double circuiting of existing lines, utilizing direct-current lines or undergrounding, and the no-build alternative. Many of these alternatives either increased the costs of the project or did not address the need of the project. For example, double-circuiting the existing lines would allow greater capacity to serve the City of Benson, but double-circuiting would not decrease the risks to reliability in the event of a loss of a double-circuit transmission structure, whereas the proposed project would bring a second source of power to the City of Benson.<sup>38</sup> Furthermore, utilizing different end points for the line—such as Wilmar to Benson or Minnesota Valley to Benson—would allow the project to perform similarly to address the needs of the project, but the line lengths of each alternative are significantly longer than the proposed project.<sup>39</sup> The Applicants state that the longer line lengths would result in greater line losses and relatively higher costs.<sup>40</sup>

The Applicants discussed the application of high-voltage direct current (HVDC) lines in their Petition.<sup>41</sup> The Applicants noted that the limited line length of the proposed project makes HVDC an unreasonable alternative; the Applicants state that HVDC lines are proposed for transmitting large amounts of electricity over longer distances because line losses are significantly less on a HVDC line than an AC line. However, HVDC lines also require converter stations—that can cost more than \$400 million according to the Applicants—to convert the DC power to AC power before it can be used.<sup>42</sup>

The Department agrees that, given the line length of the proposed project, HVDC is not a reasonable alternative.

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<sup>36</sup> *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy and Great River Energy for a Certificate of Need for the Upgrade of the Southwest Twin Cities Chaska Area 69 kV Transmission Line to 115 kV Capacity*, Department Comments, January 28, 2013, Docket No. E002/CN-11-826, (eDockets) [20131-83242-01](#), at 15.

<sup>37</sup> *Ibid.*

<sup>38</sup> *Id.* at 52.

<sup>39</sup> *Id.* at 51-52.

<sup>40</sup> *Id.* at 52.

<sup>41</sup> *Id.* at 52.

<sup>42</sup> *Ibid.*

### *B.1.3. Timing*

The Applicants anticipate starting construction in 2028 and energizing the proposed project by early 2030. As discussed above, in section A.2., the load serving capability of the system before the proposed Project is 65 MW in the defined study area under single contingency (N-1) conditions while the existing load is 86 MW; demand is greater than supply capability in the study area. The Department concludes the project is proposed to address a preexisting reliability concern in the area. As stated by the Applicants, “[s]hould the Project be delayed and/or not constructed, the Project area will continue to have a deficit in load serving capability, placing the communities at risk of service interruptions under certain contingency conditions.”<sup>43</sup>

### *B.1.4. Size, Type and Timing Summary*

Overall, the Department agrees with the Applicants that the size, the type, and the timing of the proposed Project is reasonable when compared to those of the available alternatives.

## *B.2. Cost Analysis*

Minn. R. 7879.0120 B (2) states the Commission must consider “the cost of the proposed facility and the cost of energy to be supplied by the proposed facility compared to the costs of reasonable alternatives and the cost of energy that would be supplied by reasonable alternatives.”<sup>44</sup>

The Applicants state that the estimated costs for the facilities over 100 kV, as proposed within the Petition, are approximately \$62 million—about \$23 million for substation work and \$40 million for transmission line work.<sup>45</sup> The Applicants state that the estimated annual cost of right-of-way maintenance and operation of their lines in Minnesota averages up to \$6,000 per mile.<sup>46</sup>

The Applicants discussed in their Petition several potential alternatives to the project (i.e. different voltages, utilizing different endpoints for the line, utilizing HVDC or undergrounding, etc.), but did not find a reasonable alternative that would serve the need of the project. Many of the alternatives evaluated, such as HVDC, would also impose substantially higher costs, as discussed in the previous section.

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<sup>43</sup> *Id.* at 53.

<sup>44</sup> [Minn. R. 7849.0120 B \(2\)](#)

<sup>45</sup> Petition at 31.

<sup>46</sup> *Ibid.*

### *B.3. Natural and Socioeconomic Environments Analysis*

Minn. R. 7849.0120 B (3) states the Commission must consider “the effects of the proposed facility upon the natural and socioeconomic environments compared to the effects of reasonable alternatives.”<sup>47</sup>

The Applicants anticipate the environmental impacts of the proposed Project to be temporary and/or minor due to about 67 percent of the project being upgrades, rebuilding, or reconductoring of existing lines, and 68 percent of the Project being co-located with roads.<sup>48</sup> The Applicants state the routing of the project will cross Environmental Justice (EJ) communities who may experience increased traffic and demand for public services, but the benefits of the Project include maintaining reliable service to these communities as well as a temporary increase in local business revenue.<sup>49</sup> The project will result in approximately 9.9 acres of permanent tree removal within the right-of-way and will cross about 13 wetlands.<sup>50</sup> However, only one wetland crossing is more than 500 feet long; the Applicants anticipate avoiding placing structures within wetlands in most cases.<sup>51</sup> Unavoidable impacts include a minor change in aesthetics associated with taller structures relative to the existing structures, temporary disruption of access to recreational activities during construction, and the presence of additional traffic on the local roads during construction.<sup>52</sup> The Commission’s EIP unit prepared its EA filed in the present docket on July 31, 2025.<sup>53</sup> The EA addresses these issues.

The Applicants state that the Minnesota Pollution Control Agency’s (MPCA) “Understanding Environmental Justice in Minnesota” mapping tool was utilized to determine whether the proposed route intersects with any environmental justice community as defined in Minn. Stat. § 216B.1691 subd. 1(e).<sup>54</sup> The statute states:

"Environmental justice area" means an area in Minnesota that, based on the most recent data published by the United States Census Bureau, meets one or more of the following criteria:

- (1) 40 percent or more of the area's total population is nonwhite;
- (2) 35 percent or more of households in the area have an income that is at or below 200 percent of the federal poverty level;

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<sup>47</sup> [Minn. R. 7849.0120 B \(3\)](#)

<sup>48</sup> Petition at 7.

<sup>49</sup> *Ibid.*

<sup>50</sup> *Ibid.*

<sup>51</sup> *Ibid.*

<sup>52</sup> *Id.* at 7-8

<sup>53</sup> *In the Matter of the Application of Great River Energy, Otter Tail Power Co., Western Minnesota Municipal Power Agency, Agralite Electric Coop., and the City of Benson for a Certificate of Need and Route Permit for the Appleton to Benson 115-Kilovolt Transmission Line Project*, PUC-EIP, Environmental Assessment, July 31, 2025, Docket No. ET-2,E-017,ET-6135, E-100/CN-24-263; TL-24-264, (eDockets) [20257-221599-01](#).

<sup>54</sup> Petition at 77.

- (3) 40 percent or more of the area's residents over the age of five have limited English proficiency; or
- (4) the area is located within Indian country, as defined in United State Code, title 18, section 1151.<sup>55</sup>

The Applicants state that based on the data provided in MPCA's mapping tool, two census tracts that intersect with the Proposed Route are considered EJ communities under the definition provided in the above statute.<sup>56</sup> The Applicants state the Project does not cross any areas located within "Indian country" as defined in the statute.

The Applicants also utilized an EJ analysis in accordance with the U.S. Environmental Protection Agency (USEPA) Federal Interagency Working Group on EJ and National Environmental Policy Act Committee's publication, Promising Practices for EJ Methodologies in NEPA Reviews. The EPA's Environmental Justice Screening Tool (EJ Screen) was utilized. There are four census blocks crossed by the project. Using the USEPA's methodology, two census block groups crossed by the proposed route are considered Environmental Justice Communities, two blocks are considered low-income EJ communities, and zero of the blocks are considered minority EJ communities.<sup>57</sup>

The Applicants indicated that many of the negative impacts to communities on the proposed route will be generally short-term, such as increased traffic in the areas during construction and noise associated with construction.<sup>58</sup> The Applicants also note that there may be short-term benefits to the same communities given the potential increases in local revenue for businesses supporting utility personnel and contractors.<sup>59</sup> Long term benefits of the project include ongoing reliability electrical services and the ability to serve existing and new load growth.<sup>60</sup> The Applicants do not propose to mitigate socioeconomic impacts because the impacts are anticipated to be generally short-term and beneficial.<sup>61</sup> The Department agrees that the negative impacts of the project, such as increased traffic and noise during construction will be generally short term.

#### *B.4. Reliability Analysis*

Minn R. 7849.0120 B (4) states the Commission must consider "the expected reliability of the proposed facility compared to the expected reliability of reasonable alternatives."<sup>62</sup>

The Applicants discuss generation as an alternative to the Project. The Applicants state that in order for generation to be a viable alternative to the Project, a generation alternative must address the need for

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<sup>55</sup> [Minn. Stat. § 216B.1691 subd. 1\(e\)](#)

<sup>56</sup> Petition at 77.

<sup>57</sup> *Id.*, at 78-79

<sup>58</sup> *Id.*, at 79-80.

<sup>59</sup> *Ibid.*

<sup>60</sup> *Ibid.*

<sup>61</sup> *Id.*, at 80.

<sup>62</sup> [Minn. R. 7849.0120 B \(4\)](#)

the Project by being available for reliability comparable to the transmission line which will have availability of more than 99.99 percent.<sup>63</sup> A resource comparable to the transmission line's availability would likely be a new dispatchable, dual-fueled aeroderivative combustion turbine.<sup>64</sup> The dual-fuel capability of the generator would result in a reliability of more than 90 percent.<sup>65</sup> However, a generator alternative would only benefit the area surrounding the point of interconnection, whereas the transmission line will link two areas together providing benefits to a larger geographic area.<sup>66</sup> Moreover, MISO's historically congested generation interconnection queue would impose additional delays to the generation alternative.<sup>67</sup> The Applicants also briefly discussed Minnesota's Carbon Free Standard as another hurdle for fossil-generation alternatives. The Department agrees that dispatchable fossil-fueled generation is not an alternative to the Project.

Also, as discussed elsewhere in these comments, the Project is designed to solve the transmission reliability issues in the area after the shutdown of existing generation, the FibroMinn Energy Center near Benson, Minnesota.<sup>68</sup>

#### *B.5. Department Conclusion*

Based upon the above analysis the Department concludes that a more reasonable and prudent alternative to the proposed facility is not demonstrated by a preponderance of the evidence in the record.

### *C. PROTECTING THE NATURAL AND SOCIOECONOMIC ENVIRONMENTS*

Minnesota Rules 7849.0120 C requires the Commission to determine "by a preponderance of the evidence on the record, the proposed facility, or a suitable modification of the facility, will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health."<sup>69</sup> The rule then lists four specific considerations. The Department addresses each consideration separately below.

#### *C.1. Overall State Needs*

Minn. Rules 7849.0120 C (1) states the Commission shall evaluate "the relationship of the proposed facility, or a suitable modification thereof, to overall state energy needs."<sup>70</sup>

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<sup>63</sup> Petition at 48.

<sup>64</sup> *Ibid.*

<sup>65</sup> *Ibid.*

<sup>66</sup> *Ibid.*

<sup>67</sup> *Id.*, at 49.

<sup>68</sup> *Id.*, at 54.

<sup>69</sup> [Minn. R. 7849.0120 C](#)

<sup>70</sup> [Minn. R. 7849.0120 C \(1\)](#)

The Applicants state:

The Project is needed to meet load serving needs in the Project area and avoid low voltage issues under certain contingency scenarios driven by the retirement of the 55 MW FibroMinn Energy Center near the City of Benson. The system is currently experiencing low voltages resulting in insufficient capacity to reliably serve all load under contingency conditions. The Project will provide an additional 47 MW of system capacity under the worst single (N-1) contingency, which is expected to meet the demand for electricity for decades to come.<sup>71</sup>

The retirement of the FibroMinn Energy Center created near-term load-serving reliability concerns first identified in the 2020 BAL Study completed by the Applicants.<sup>72</sup> The Applicants pursued an update to the BAL study that affirmed that existing load cannot be reliably served without the Project and determined that updated load forecasts predict higher growth rates.<sup>73</sup> Simply, without the project, existing and future forecasted loads cannot be served reliably without the project.

In summary, the project is designed to meet the need to provide reliable service in the local area and has little relation to the state's overall energy needs.

### *C.2. Effects on Natural and Socioeconomic Environments*

Minn. Rules 7849.0120 C (2) states, in evaluating the need, the Commission shall consider "the effects of the proposed facility, or a suitable modification thereof, upon the natural and socioeconomic environments compared to the effects of not building the facility."<sup>74</sup>

The EA, completed by the PUC-EIP, provides information related to the effects of the proposed facility upon the natural and socioeconomic environments compared to the effects of not building the facility. The Department recommends the Commission consider the EA filed by PUC-EIP in its decision on this matter.

### *C.3. Induced Development*

Minn. Rules 7849.0120 C (3) states that, in assessing the need for the project, the Commission shall evaluate "the effects of the proposed facility or a suitable modification thereof, in inducing future development."<sup>75</sup>

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<sup>71</sup> Petition at 7.

<sup>72</sup> *Id.*, at 35

<sup>73</sup> *Ibid.*

<sup>74</sup> [Minn. R. 7849.0120 C \(2\)](#)

<sup>75</sup> [Minn. R. 7849.0120 C \(3\)](#)



The Applicants state that the Project is not intended to induce future development but rather is intended to maintain reliable service to the local communities.<sup>76</sup>

Induced development will be addressed in the EA and considered by the Commission when making a final determination on the proposed Project.

#### *C.4. Socially Beneficial Uses*

Minn. Rules 7849.0120 C (4) states that, in assessing need, the Commission shall evaluate “the socially beneficial uses of the output of the proposed facility, or a suitable modification thereof, including its uses to protect or enhance environmental quality.”<sup>77</sup>

The Applicants state:

The Project arises after the shutdown of the FibroMinn Energy Center near Benson, Minnesota. As detailed elsewhere in this Application, existing load cannot be reliably served without the addition of the Project, and updated load forecasts predict higher growth rates that further require the Project. The Project will continue to support reliable service in the area and ensure local homes and businesses can rely on the electric system for day-to-day needs.<sup>78</sup>

Socially beneficial uses of the output will be addressed in the EA and considered by the Commission.

#### *D. OTHER PERMITS*

Minnesota Rules 7849.0120 D requires the Commission to determine “the record does not demonstrate that the design, construction, or operation of the proposed facility, or a suitable modification of the facility, will fail to comply with relevant policies, rules, and regulations of other state and federal agencies and local governments.”<sup>79</sup> This rule does not list any specific considerations.

Table 2-1 of the Petition lists numerous permits, approvals, consultations, and reviews that may be required for the proposed Project.<sup>80</sup> The Department reviewed the information on potentially required permits. Regarding the permits required by other agencies, the Department presumes that the various agencies will review and confirm that the Applicants are in compliance prior to granting their permits. The Department relies upon the agencies to enforce their requirements. Also, it is the Applicants’

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<sup>76</sup> Petition at 54.

<sup>77</sup> [Minn. R. 7849.0120 C \(4\)](#)

<sup>78</sup> Petition at 54.

<sup>79</sup> [Minn. R. 7849.0120 D](#). Also note that [Minn. Stat. § 216B.243, subd. 3\(7\)](#) requires the Commission to evaluate the policies, rules, and regulations of other state and federal agencies and local governments.

<sup>80</sup> Petition at 13.

responsibility to ensure it has the necessary permits and approvals prior to construction. Of course, should any necessary permits be denied, the proposed Project will not be constructed, regardless of the Commission's decision regarding the Petition.

#### *E. POLICY ANALYSIS*

There are several remaining criteria in statutes and rules applicable to a CN that do not closely fit into the rule decision criteria discussed above. These criteria are grouped into a final category of policy considerations.

##### *E.1. Robustness of the Transmission System*

Minnesota Statutes § 216B.243, subd. 3 (9) states that the Commission shall evaluate “with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota.”<sup>81</sup>

The Petition explains that the proposed Project is necessary to maintain reliability in the local area.<sup>82</sup> The proposed Project is not being proposed to improve the robustness of the transmission system in general. Therefore, this regional reliability statute is not a significant consideration.

##### *E.2. Renewable Preference*

There are two sections of Minnesota Statutes that provide a preference for renewable resources in resource planning and resource acquisition decisions. First, Minnesota Statutes § 216B.243, subd. 3a<sup>83</sup> states that:

The Commission may not issue a certificate of need under this section for a large energy facility that generates electric power by means of a nonrenewable energy source, or that transmits electric power generated by means of a nonrenewable energy source, unless the applicant for the certificate has demonstrated to the Commission's satisfaction that it has explored the possibility of generating power by means of renewable energy sources and has demonstrated that the alternative selected is less expensive (including environmental costs) than power generated by a renewable energy source. For purposes of this Subdivision, “renewable energy source” includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel.

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<sup>81</sup> [Minn. Stat. § 216B.243, subd. 3.](#)

<sup>82</sup> Petition at 39-45.

<sup>83</sup> [Minn. Stat. § 216B.243, subd. 3a.](#) Note that Minnesota Statutes § 216B.243 subd. 3(11) also requires the Commission to evaluate whether an applicant has made the demonstrations required under this subdivision.

Second, Minnesota Statutes § 216B.2422, subd. 4 states that:

The Commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the Commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest.<sup>84</sup>

The proposed Project is not intended to interconnect any particular generation resource. Moreover, the proposed Project is not needed to transmit power from a particular new generation resource. Rather, the proposed Project would transmit electricity from the existing high-voltage grid generally to the local area. Therefore, these renewable preference statutes do not apply.

### *E.3. Distributed Generation Analysis*

Minnesota Statutes § 216B.2426 states that:

The Commission shall ensure that opportunities for the installation of distributed generation, as that term is defined in section 216B.169, Subdivision 1, paragraph (c), are considered in any proceeding under section 216B.2422, 216B.2425, or 216B.243.<sup>85</sup>

Minnesota Statutes § 216B.169 states:

For the purposes of this section, the following terms have the meanings given them [...] (c) “High-efficiency, low-emission, distributed generation” means a distributed generation facility of no more than ten megawatts of interconnected capacity that is certified by the commissioner under Subdivision 3 as a high efficiency, low- emission facility.<sup>86</sup>

Any distributed generation (DG) certified by the Commissioner of the Minnesota Department of Commerce (Commissioner) in the past would be reflected in the Applicants’ and MISO’s models used to analyze the project. Any DG certified by the Commissioner in the future and sited in the local area would impact the rate of local load growth the Applicants would need to serve. However, there is no reason to believe the impacts of Commissioner-certified DG would be significant. Therefore, the Department concludes that this statutory criterion has been met.

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<sup>84</sup> [Minn. Stat. § 216B.2422, subd. 4.](#)

<sup>85</sup> [Minn. Stat. § 216B.2426.](#)

<sup>86</sup> [Minn. Stat. § 216B.169, subd. 1.](#)

*E.4. Innovative Energy Project Preference*

Minnesota Statutes § 216B.1694, subd. 2 (a) (4) states that an innovative energy project:

[...] shall, prior to the approval by the commission of any arrangement to build or expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for the generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers.<sup>87</sup>

This statute does not apply since the proposed facility in question is a transmission line rather than a generating facility.

*E.5. Renewable Energy Standard Compliance*

Minnesota Statutes § 216B.243, subd. 3 (10) states that the Commission shall evaluate “whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691.”<sup>88</sup> In turn, Minnesota Statutes § 216B.1691, subd. 2a (a) states that each electric utility shall provide retail customers in Minnesota the following percentages of total retail electric sales from energy generated by renewable energy technologies:

- 1) 2012 12 percent;
- 2) 2016 17 percent;
- 3) 2020 20 percent;
- 4) 2025 25 percent; and
- 5) 2035 55 percent.<sup>89</sup>

In addition, Minnesota Statutes § 216B.1691 subd. 2f requires that public utilities such as Xcel generate or procure solar energy equal to at least 1.5 percent of Minnesota retail sales by the end of 2020. At least ten percent of the 1.5 percent goal must be generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kW or less. The solar energy standard (SES) statute (Minn. Stat. § 216B.1691, subd. 2(f)) excludes certain retail sales to iron mining, paper, and wood products manufacturers from the calculation of the SES requirement.<sup>90</sup>

The Department reviews compliance with the RES statute in a biennial report to the legislature. The most recent report was the *Minnesota Renewable Energy Standard: Utility Compliance* (RES Report),

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<sup>87</sup> [Minn. Stat. § 216B.1694, subd. 2.](#)

<sup>88</sup> [Minn. Stat. § 216B.243, subd. 3.](#)

<sup>89</sup> [Minn. Stat. § 216B.1691, subd. 2a.](#)

<sup>90</sup> [Minn. Stat. § 216B.1691, subd. 2f.](#)

filed January 15, 2025.<sup>91</sup> Table 1 of the RES Report shows that WMMPA<sup>92</sup>, GRE, and OTP all complied for 2023.<sup>93</sup>

Regarding future compliance the Department notes that the RES Report estimates the Utilities can comply into the future as follows:

- WMMPA—2026;
- GRE—2040; and
- OTP—2034.

Finally, regarding the SES, the RES Report stated that OTP met the overall SES and the small-scale solar section of the SES in 2023 via the purchase of renewable energy credits; OTP “fell short on both the non-small and the small solar renewable energy credits (SREC) requirement and complied with the 2023 non-small and small-scale SES requirements through the purchase and retirement of solar renewable energy credits (SRECs) at a cost of \$170,000.”<sup>94</sup>

Overall, the Department concludes that this statutory criterion has been met.

#### *E.6. Environmental Cost Planning*

Minnesota Statutes § 216B.243, subd. 3 (12) states that the Commission shall evaluate “if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.”<sup>95</sup>

Because the Applicants are proposing a transmission line, not a generating plant this statute does not apply.

#### *E.7. Statewide Power Sector Carbon Dioxide Emissions*

Minnesota Statutes § 216H.03, subd. 3 states that “Unless preempted by federal law, until a comprehensive and enforceable state law or rule pertaining to greenhouse gases that directly limits and substantially reduces, over time, statewide power sector carbon dioxide emissions is enacted and in effect, and except as allowed in Subdivisions 4 to 7, on and after August 1, 2009, no person shall construct within the state a new large energy facility that would contribute to statewide power sector carbon dioxide emissions.”<sup>96</sup>

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<sup>91</sup> The report is available at: <https://www.lrl.mn.gov/docs/2025/mandated/250202.pdf> (Hereinafter, “RES Report”).

<sup>92</sup> WMMPA was reported by Missouri River Energy Services.

<sup>93</sup> Southern Minnesota includes the City of Rochester in the RES Report.

<sup>94</sup> RES Report at 7.

<sup>95</sup> [Minn. Stat. § 216B.243, subd. 3](#)

<sup>96</sup> [Minn. Stat. § 216H.03, subd. 3](#).

Note that Minnesota Statutes § 216H.03, subd. 3 has, as a precondition: “until a comprehensive and enforceable state law or rule pertaining to greenhouse gases that directly limits and substantially reduces, over time, statewide power sector carbon dioxide emissions is enacted and in effect.” With the passage of the state’s carbon free energy targets in Minnesota Statutes § 216B.1691 subd. 2g (Carbon-free standard)<sup>97</sup> the Commission has determined that this section is no longer applicable as the state has an enforceable law that limits statewide power sector carbon dioxide emissions.<sup>98</sup>

#### *E.8. Local Job Impacts*

Minnesota Statutes § 216B.2422, subd. 4a states:

The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring electric generation facilities, including workers previously employed at the retiring facilities.<sup>99</sup>

At this time there are no alternative proposals to consider, only the proposed Project. The Petition states that the workforce required for construction of the proposed Project is estimated to be about 15 to 35 workers and is anticipated to start in 2028 and end in early 2030.<sup>100</sup> In addition, workers will be required to perform operation and maintenance and inspections, but the number of workers for these tasks was not specified.

The Department concludes that the Applicants have adequately addressed this statutory requirement.

#### *E.9. Domestic Content Preference*

Minnesota Statutes § 216B.2422, subd. 4b states, “[t]he commission may give preference in resource selection to projects utilizing energy technologies produced domestically by entities who received an advanced manufacturing tax credit for those technologies under section 45X of the Internal Revenue Code, as allowed under the federal Inflation Reduction Act of 2022, Public Law 117-169.”<sup>101</sup>

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<sup>97</sup> Laws of Minnesota 2023, chapter 7; available at: <https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/7/>

<sup>98</sup> See, *In the Matter of Xcel Energy’s Competitive Resource Acquisition Process for up to 800 Megawatts of Firm Dispatchable Generation, Order Approving Petition and Requiring Compliance Filing*, November 3, 2023, Docket No. E002/CN-23-212, (eDockets) [202311-200215-01](#), at Order Point 3.

<sup>99</sup> [Minn. Stat. § 216B.2422, subd. 4a.](#)

<sup>100</sup> Petition at 32, 68.

<sup>101</sup> [Minn. Stat. § 216B.2422, subd. 4b.](#)

Section 45X of the Internal Revenue Code applies to generation projects rather than transmission projects. Therefore, the Department concludes that this statute does not apply.

*E.10. Inflation Reduction Act Compliance*

The Commission has ordered utilities to maximize the benefits of the Inflation Reduction Act:

The utilities shall maximize the benefits of the Inflation Reduction Act in future resource acquisitions and requests for proposals in the planning phase, petitions for cost recovery through riders and rate cases, resource plans, gas resource plans, integrated distribution plans, and Natural Gas Innovation Act innovation plans. In such filings, utilities shall discuss how they plan to capture and maximize the benefits from the Act, and how the Act has impacted planning assumptions including (but not limited to) the predicted cost of assets and projects and the adoption rates of electric vehicles, distributed energy resources, and other electrification measures. Reporting shall continue until 2032.<sup>102</sup>

In another transmission line CN proceeding Northern States Power Company d/b/a Xcel Energy stated:

Xcel Energy has evaluated the Inflation Reduction Act for applicability to activities to be undertaken in the planning, procurement, and construction of this Project in an effort to reduce the rate impact of this Project. However, at this time, Xcel Energy has not identified any opportunities under the Inflation Reduction Act to reduce the cost of the Project for customers.<sup>103</sup>

It is likely that the same conclusion would apply in this instance. Therefore, while the Department did not locate a discussion of the Inflation Reduction Act, the Department concludes that the benefits from the Inflation Reduction Act are likely to be minimal.

*E.11. Summar of Policy Analysis*

The Department concludes the Petition has met the various policy requirements of Minnesota Statutes.

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<sup>102</sup> *In the Matter of a Joint Investigation into the Impacts of the Federal Inflation Reduction Act, Order Setting Requirements Related to Inflation Reduction Act*, September 12, 2023, Docket No E,G-999/CI-22-624, (eDockets) [20239-198869-01](#).

<sup>103</sup> Petition at 32.

*F. COMMISSION NOTICE*

*F.1. Grant the CN*

The Department responds to the following notice topic:

Should the Commission grant a certificate of need for the proposed project?

Should the Commission find, after consideration of the ER, that the proposed facility “will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health,” the Department recommends that the Commission issue a CN to the Applicants.

*F.2. Additional Conditions*

The Department responds to the following notice topic:

If granted, what additional conditions or requirements, if any, should be included in the certificate of need?

In exchange for the advanced recovery that the legislature has permitted utilities through transmission riders, ratepayers need reasonable assurance the costs utilities charge to ratepayers through these riders are reasonable. Simple, but important ways that the Commission has used to ensure that costs reflected in rates are reasonable are: 1) to require utilities to wait until the first rate case after a project is in service to recover any cost overruns and 2) to require utilities to justify fully the reasonableness of recovering any of the cost overruns of projects. This approach has helped ensure that ratepayers are reasonably protected and that utilities are held accountable for ensuring that reasonable projects are developed and implemented.

The Commission holds utilities subject to its jurisdiction accountable for their transmission CN cost estimates by capping the amount of costs approved for recovery from ratepayers in their transmission riders. The cap is set at the amount of costs the utility represented for the project in the proceeding where the project was approved. Utilities are allowed inflation from the year in which costs are approved to the in-service date of the facility. In addition, utilities are allowed to request recovery of cost overruns in subsequent rate cases in the same way that they always have been able to do, but utilities have the clear burden to demonstrate why it is reasonable to charge ratepayers for any such cost overruns.

Therefore, the Department recommends that the Commission cap OTP’s cost recovery at the OTP’s share of the Project’s overall cost estimate of approximately \$62 million (2024 dollars).<sup>104</sup>

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<sup>104</sup> Petition at 31.



#### **IV. DEPARTMENT RECOMMENDATIONS**

Based on analysis above and the information in the record, the Department has prepared recommendations, which are provided below. The recommendations correspond to the subheadings of Section IV above.

##### **A. NEED ANALYSIS**

The Department concludes that the Applicants' Petition satisfies the requirements of relevant rules. Furthermore, the probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the Applicants, to the Applicants' customers, and to the people of Minnesota and neighboring states.

##### **B. ALTERNATIVES ANALYSIS**

The Department concludes that a more reasonable and prudent alternative to the proposed facility is not demonstrated by a preponderance of the evidence in the record.

##### **E. POLICY ANALYSIS**

The Department concludes the Petition has met the various policy requirements of Minnesota Statutes.

##### **F. COMMISSION NOTICE**

The Department recommends that the Commission cap OTP's cost recovery at the OTP's share of the Project's overall cost estimate of approximately \$62 million (2024 dollars).

## Attachments

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce**  
**Comments**

**Docket No. E017, ET2, E100, ET6135/CN-24-263**

Dated this **30<sup>th</sup>** day of **September 2025**

**/s/Sharon Ferguson**

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Lisa	Agrimonti	lagrimonti@fredlaw.com	Fredrikson & Byron, P.A.		60 South Sixth Street Suite 1500 Minneapolis MN, 55402-4400 United States	Electronic Service		No	24-263 Official CC Service List
2	Cody M.	Bauer	cbauer@fredlaw.com	Fredrikson & Byron, P.A.		60 South 6th Street, Suite 1500 Minneapolis MN, 55402 United States	Electronic Service		No	24-263 Official CC Service List
3	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		No	24-263 Official CC Service List
4	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	24-263 Official CC Service List
5	Thomas	Hoffman	thoffman@agralite.com	Agralite Electric Cooperative		320 Highway 12 SE Benson MN, 56215 United States	Electronic Service		No	24-263 Official CC Service List
6	Breann	Jurek	bjurek@fredlaw.com	Fredrikson & Byron PA		60 S Sixth St Ste 1500 Minneapolis MN, 55402 United States	Electronic Service		No	24-263 Official CC Service List
7	Kris	Koch	kkoch@otpc.com	Otter Tail Power Company		215 S. Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	24-263 Official CC Service List
8	Stacy	Kotch Egstad	stacy.kotch@state.mn.us		MINNESOTA DEPARTMENT OF TRANSPORTATION	395 John Ireland Blvd. St. Paul MN, 55155 United States	Electronic Service		No	24-263 Official CC Service List
9	Stephen	Kowal	skowal@bensonmnlaw.com	Wilcox Law Office, P.A.		1150 Wisconsin Avenue Benson MN, 56215 United States	Electronic Service		No	24-263 Official CC Service List
10	Sam	Lobby	sam.lobby@state.mn.us		Public Utilities Commission	350 Metro Square Building 121 7th Place East St. Paul MN, 55101 United States	Electronic Service		No	24-263 Official CC Service List
11	David C.	McLaughlin	dmclaughlin@fluegellaw.com	Western Minnesota Municipal		129 2nd Street Ortonville MN, 56278	Electronic Service		No	24-263 Official CC

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
				Power Agency		United States				Service List
12	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		No	24-263 Official CC Service List
13	Janet	Shaddix Eling	jshaddix@janetshaddix.com	Shaddix And Associates		7400 Lyndale Ave S Ste 190 Richfield MN, 55423 United States	Electronic Service		No	24-263 Official CC Service List
14	Mark	Strohfus	mstrohfus@greenergy.com	Great River Energy		12300 Elm Creek Boulevard Maple Grove MN, 55369-4718 United States	Electronic Service		No	24-263 Official CC Service List
15	Suzanne	Todnem	suzanne.todnem@state.mn.us		Office of Administrative Hearings	600 Robert St N PO Box 64620 St. Paul MN, 55164 United States	Electronic Service		No	24-263 Official CC Service List
16	Haley	Waller Pitts	hwallerpitts@fredlaw.com	Fredrikson & Byron, P.A.		60 S Sixth St Ste 1500 Minneapolis MN, 55402-4400 United States	Electronic Service		No	24-263 Official CC Service List
17	Sam	Weaver	sam.weaver@state.mn.us		Department of Commerce		Electronic Service		No	24-263 Official CC Service List
18	Brian	Zavesky	brianz@mrenergy.com	Missouri River Energy Services		3724 West Avera Drive P.O. Box 88920 Sioux Falls SD, 57108-8920 United States	Electronic Service		No	24-263 Official CC Service List



#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
13	Jayme	Trusty	execdir@swrdc.org	SWRDC		2401 Broadway Ave #1 Slayton MN, 56172 United States	Electronic Service		No	CN - CERTIFICATE OF NEEDS
14	Jen	Tyler	tyler.jennifer@epa.gov	US Environmental Protection Agency		Environmental Planning & Evaluation Unit 77 W Jackson Blvd. Mailstop B-19J Chicago IL, 60604-3590 United States	Electronic Service		No	CN - CERTIFICATE OF NEEDS
15	Cynthia	Warzecha	cynthia.warzecha@state.mn.us	Minnesota Department of Natural Resources		500 Lafayette Road Box 25 St. Paul MN, 55155-4040 United States	Electronic Service		No	CN - CERTIFICATE OF NEEDS
16	Alan	Whipple	sa.property@state.mn.us		Minnesota Department Of Revenue	Property Tax Division 600 N. Robert Street St. Paul MN, 55146-3340 United States	Electronic Service		No	CN - CERTIFICATE OF NEEDS
17	Jonathan	Wolfgram	jonathan.wolfgram@state.mn.us		Office of Pipeline Safety	445 Minnesota St Ste 147 Woodbury MN, 55125 United States	Electronic Service		No	CN - CERTIFICATE OF NEEDS