STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Applications of Benton Solar, LLC for a Site Permit for the 100 MW Solar Energy Generating System, a Site Permit for the 100 MW Battery Energy Storage System and a Route Permit for the 115-kV High-Voltage Transmission Line Associated with the Benton Solar Project in Benton County, Minnesota	Docket No. IP7115/GS-23-423 Docket No. IP7115/ESS-24-283 Docket No. IP7115/TL-23-425 OAH Docket No. 25-2500-40508

SURREBUTAL TESTIMONY

Lucas Franco, PhD

On Behalf of

LIUNA MINNESOTA AND NORTH DAKOTA

August 15, 2025

Attachments

Attachment 1 - Jake Schwitzer and Lucas Franco, “Capturing the Moment: A Roadmap to High-Road Carbon Capture Development,” North Star Policy Action, 2022.

I. INTRODUCTION

Q. Please state your name, the name of your employer, and your business address:

A. My name is Lucas Franco. I currently serve as the Research Manager for LIUNA Minnesota & North Dakota, an affiliate of the Laborers International Union of North America, on behalf of my employer, the LIUNA Great Lakes Organizing Committee. My organization represents more than 13,500 skilled construction laborers engaged in the construction of building, civil, and energy infrastructure projects across Minnesota and North Dakota. My business address is 81 East Little Canada Road, St. Paul, Minnesota 55117.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to provide responses to the rebuttal testimony of Benton Solar LLC witness, Adam Gracia, and to raise concerns with gaps and oversights in the contracted economic analysis done on behalf of the company by Professor King Banaian, Director and Professor of Economics at St. Cloud State University. My surrebuttal testimony responds to mischaracterizations of claims made in my direct testimony, raises concerns with the the minimization of impacts of local versus non-local labor practices, refutes methodological critiques of my analysis and highlights significant concerns with the methodology of the Schedule 1 evidence included in Mr. Gracia's rebuttal testimony.

II. RESPONSE REGARDING LOCAL LABOR PROJECTIONS

Q. Mr. Gracia is asked to respond to the question, "Mr. Franco testifies that he is "confident that Benton Solar can be built using local 3 workers" with a "majority" or "60%" "local" "experienced construction workers in central

Minnesota." (Franco Direct at 4). Do you agree with his conclusion that 5 Benton Solar can be built with "majority" or "60%" "local" labor from "central 6 Minnesota"?". Does NextEra's question to Mr. Gracia accurately represent your direct testimony?

A. No. I did not indicate in my testimony that I was confident that the project could be staffed with a workforce of which the majority or 60% would be made up of experienced construction workers in central Minnesota. NextEra appears to have conflated four separate statements from my Direct Testimony:

1. "I am confident that Benton Solar can be built using local workers because our members have participated in construction of similar projects where locals made up a majority of the workforce. (P. 5, 4-6)
2. "Benton Solar can draw from a pool of experienced construction workers in central Minnesota." (P. 5, 18-19)
3. "I have seen developers and their EPCs step up to the plate with announced goals to employ 60% local workforce on projects in Southeast and Southwest Minnesota and believe the same could be done on the Benton Solar project." (P. 5, 19-21)
4. "We are confident that the project developer can work with their EPC contractor to employ a majority local workforce because we've seen projects like this successfully employ a majority local workforce." (P. 6, 1-3)

My testimony expresses confidence, based on past experience, that Benton Solar can be built with a majority local workforce, and that Central Minnesota has a pool of experienced construction workers who can help to meet project needs. I also observe that developers have announced 60% local workforce goals in areas of the state that are far less populated than the area surrounding Benton Solar (which includes the Twin Cities and St. Cloud labor markets), and that NextEra could reasonably set a similar goal for Benton Solar. I want to be very clear that while it is feasible that the higher standard established by NextEra's

rephrasing of my testimony could be met, it is not a claim I made in my testimony.

While I provided detailed definitions to key terms in an information request from the company, it is useful to define them here as well for a shared understanding.

1. “Local” - My definition of local aligns with our organizational perspective as LIUNA and is consistent with the definition established by the Minnesota Legislature for the purpose of energy utility resource planning in 216B.2422 Subd.
    - (*h) "Local workers" means workers who:*
        i. *(1) are employed to construct and maintain energy infrastructure; and*
        ii. *(2) are Minnesota residents, are residents of the utility's service territory, or permanently reside within 150 miles of a proposed new or refurbished energy facility.*
2. “Majority” - I define majority as more than half.
3. “Experienced construction workers” - In the broadest terms, I am defining an experienced construction worker as an individual who has gained skills relevant to construction of a given project by engaging in work classified under the U.S. Bureau of Labor Statistics Standard Occupational Classification (SOC) Major Group 47-0000: Construction and Extraction Occupations—including but not limited to building, repairing, altering, or maintaining structures, infrastructure, or related facilities.
4. “Central Minnesota” - I rely on the Minnesota Department of Employment and Economic Development (DEED) Planning Region definition of Central Minnesota. Within this framework, DEED divides the state into six regions: Central Minnesota, Northwest Minnesota, Southeast Minnesota, Southwest Minnesota and Seven County Mpls-St Paul, MN. Central Minnesota includes Benton, Chisago, Isanti, Kanabec, Kandiyohi,

McLeod, Meeker, Millie Lacs, Pine, Renville, Sherburne, Steans and Wright County.

Q. Do you agree with Beton Solar's assertion that "there are several factors beyond Benton Solar's control and a great deal of uncertainty about how many local workers can be hired for any given project" (Gracia Rebuttal 7-8)?

A. I agree that there are many factors beyond Benton Solar's control, as there are in for any large construction project. I do not agree, however, that there is a "great deal of uncertainty" regarding the availability of local workforce any more than there is a "great deal of uncertainty" over whether the project can be built safely or whether it will generate carbon-free electricity once it has been commissioned. The recent history of utility-scale clean energy construction in Minnesota has demonstrated that variance in local workforce utilization is modest when project owners and contractors employ best practices.

Our experience working in the renewable energy industry and extensive evidence has demonstrated that a project developer has a great deal of influence on the employment practices on their project. We have seen repeatedly how a developer's commitment to maximizing local workforce opportunities can lead to high levels of local employment. These decisions have a profound impact on the employment benefits of a given project. For example, a developer can evaluate the contractors they hire based in part on their track record of utilizing local workers and partner with unions that are rooted in local communities, or they can choose select contractors that rely on traveling workforce without soliciting any local hiring commitments. All of these efforts and more are within the control of a developer and often have a profound impact on local employment.

As I argued on my direct testimony, one of the most important factors in local versus non-local employment is the use of union labor. Based on an analysis of a combination of data sources including publicly available data from Minnesota Public Utility Commission quarterly labor statistics reports and field observations by LIUNA staff in Minnesota and North Dakota, I found many projects that have relied primarily on local workers in Minnesota and North Dakota.

Based on data provided in my Direct Testimony Attachment A (see Table 6 on page 9), I find that union projects use six to seven times more local labor than non-union projects. On average across the sample of projects, union projects use about 67% local workers, while non-union projects only use about 10% local workers. Further, there is a very strong positive relationship between union projects and the use of local labor.

Project data cited in Mr Gracia's rebuttal testimony further supports this close positive relationship between the use of union labor and the percent of local workers. Mr. Gracia discusses the use of local labor on the Buffalo Ridge Wind, Walleye Wind, FPL Energy Mower County Wind and Lake Benton Power Partners (Gracia Rebuttal 8). The first three were all fully union projects, while Lake Benton Power Partners was only partially union. The union projects had an average local labor workforce of 62%, while the partially union project only achieved an average of 29.5% local labor workforce. Unsurprisingly, results from fully nonunion projects are much worse, in some cases dipping below 5% in-state labor.

As I detailed in my direct testimony, there are a couple key factors that explain this high correlation between partnering with unions and the use of local labor. First, construction trade unions are deeply embedded in local communities, and local governance structures and collective bargaining agreements prioritize the dispatch of local members to fill job opportunities on area construction projects. The Minnesota Building and Construction Trades unions represent members

throughout Minnesota, including many in Southwest Minnesota where the proposed project would be located. These unions have a deep bench of qualified workers who stand ready and willing to build new renewable energy projects.

Second, the Minnesota Building Trades are at the forefront of recruiting and training the next generation of skilled construction workers. These unions invest substantial time and resources in recruitment, including the organization's Construct Tomorrow program which regularly draws thousands of students from across central Minnesota for a hands-on introduction to construction careers, along with participation in numerous job fairs across the region. Beyond recruiting young people into the construction industry, Minnesota Building and Construction Trades union work to recruit those with both extensive or little to no construction experience into a family-supporting career in the construction industry.[1]

The use of union labor versus non-union labor are not the only explanatory factors, however. Other factors such as the commitment of a project developer to invest in local recruitment efforts also play an important role.

In summary, I agree with Mr. Gracia's argument that there are aspects beyond the company's control and that there is variability associated with staffing construction projects with local workers (Gracia Rebuttal 7), but I do not agree with his of his assertion that there is "a great deal of uncertainty about how many local workers can be hired for any given project" (Gracia Rebuttal 8). Evidence in this record shows a strong relationship between union labor and local employment. I am confident that if they follow through on their commitment to partner with local unions to build Benton Solar (see Franco Rebuttal testimony for concerns), there is a high probability that this project will maximize local socio-economic benefits by employing a majority local workforce.

[1] For more information on Minnesota Building Trades career programs and partnerships see https://mntrades.org/apprenticeship and https://constructioncareers.org/programs/

III. RESPONSE TO CRITIQUES OF DIRECT TESTIMONY - ATTACHMENT A

Q. What is your response to Mr. Gracia's critiques of your case study analysis of Benton Solar in Franco Direct Attachment A?

A. I disagree with Mr. Gracia's characterization that I did not "accurately or fully capture the potential benefits from the Benton Solar Project" (Gracia Rebuttal Testimony 5). This suggests errors in the analysis itself, which I reject and is not supported by substantive evidence in either Mr. Gracia's rebuttal testimony or in Dr. Banaian's analysis. I also disagree with the characterization that my analysis was somehow incomplete. I was very clear in my analysis of the scope of my case study which was the "consequences of using local versus non-local labor on the Benton Solar project" (Franco Testimony - Attachment A 2). I do not disagree with Mr. Gracia's claim that there may be additional benefits to utility scale clean energy projects like the Benton Solar project beyond the creation of construction jobs. My argument was about the importance of quantifying the impact of local versus non-local construction labor. In my direct testimony and in my case study analysis, I detailed how project developers have significant leeway in their decision making on whether or not to prioritize the use of local labor and those decisions have enormous consequences for local communities. Too often these variable impacts of employment practices are ignored or minimized as we also see in Dr. Banaian's analysis.

First, in response to specific critiques of my case study, I reject Mr. Gracia's premise that the labor income multiplier I use from Nissen and Zhang (2006) should not be applied to a Minnesota context. Mr Gracia argues that my "methodology relies on 2006 data from construction projects in Florida but does not show how 20-year-old data from a different state can be equally applied here" (Gracia Rebutall 5). There are two issues with this claim.

The first issue with his argument is the notion that an economic mechanism is inherently flawed because it is 20 years old. Mechanisms do not spoil with age. Earnings multipliers measure how wages circulate through the local economy. They are based on data. The underlying models are tested and retested at different times and in different settings. If there are profound social and economic disruptions that change local spending linkages and those changes are found in case study analysis, then the multipliers can be updated.

Nissen and Zhang used a U.S. Bureau of Economic Analysis (BEA) RIMS II multiplier for their analysis. Their spending multiplier of 1.73 is inline with a common range of multipliers in various Economic Policy Institute studies, IMPLAN models and on other projects using BEA RIMS II multipliers (see my Surrebuttal Attachment A for a more detailed discussion). There can be slight variations in adjustments by model or in regional differences, but they typically fall between 1.5 to 1.8. Further, national and state-level labor income multipliers from both IMPLAN and BEA RIMS II have also been very stable over time. The standard range of labor income multipliers found in many studies of economic impact and the stability over time give me a great deal of confidence in the multiplier I used for this study.

I cite Nissen and Zhang because they are my original source for the earnings multiplier and their analysis provides a good explanation of how to measure local versus non-local impacts. Unlike many economic impact analyses that simply rely on outputs from large models without providing detailed explanations of inputs or specific assumptions, Nissen and Zhang provide a detailed analysis of construction employment practices and local spending patterns. Their 2006 article provides a look at underlying assumptions that often go unexplained when using otherwise useful tools like IMPLAN. I cite their work because it is fundamental to the type of case study work I've done and their multiplier has been consistently validated by other work.

The second issue with Mr. Gracia's argument is that economic analysis from a different state cannot apply to projects in Minnesota. Economic multipliers reflect general economic dynamics and are rarely unique to a specific location. As I detailed above, there is very little variation in earnings multipliers across the U.S.

Second, Mr. Gracia argues that my analysis did not fully capture the benefits of the project "throughout its operational life" (Gracia Rebuttal 5). I do not disagree with his claim because that was not my goal. Instead, my goal was to provide insight into a very important and often overlooked component of clean energy projects - the variable impacts of relying on local versus non-local workers.

As I detailed in my direct testimony, the use of a largely non-local construction workforce (10% to 30% local) to build Benton Solar could cost local communities over $10 million in lost payroll and local economic activity compared to a project that employs a largely local workforce (50% to 70%). The failure to prioritize the use of local labor can have substantial negative impacts on local communities.

The difference in the use of local versus non-local labor is often overlooked and minimized as an important point of variation including in many IMPLAN analyses. As an organization, we have seen far too many renewable energy projects generate controversy by relying heavily on an out-of-state construction workforce or by creating low quality jobs, while others have delivered substantial economic benefits to local communities. The data on variation in the use of local versus non-local labor cited above and in direct testimony demonstrates how choices by project developers lead to very different outcomes on the share of local workers.

We have argued for many years that the use of local versus non-local labor is an important factor in evaluating a proposed energy project in Minnesota. Thankfully we have made substantial progress incorporating local versus non-local

employment practices into consideration both at the Public Utilities Commission and at the State Legislature.

For example, Minnesota's clean energy legislation clearly articulates the importance of evaluating local versus non-local employment (Minn. Stat. § 216B.1691 (2023)). The law did not just advance important renewable and carbon-free energy goals, but it also made clear that regulators should seek to maximize the local socio-economic benefits of clean energy development by prioritizing creation of high-quality local construction jobs when making planning, resource acquisition, and permitting decisions:

Subd. 9. ***Local benefits.*** *The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented to maximize benefits to Minnesota citizens, balancing factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the renewable standard, and the reliability of electric service to Minnesotans.*

You cannot sufficiently evaluate local benefits without careful analysis of local versus non-local hiring practices. Too often project impact analyses, such as the Schedule 1 attachment included with Mr. Gracia's rebuttal testimony, fail to adequately measure local versus non-local hiring practices. This leaves a substantial gap in our knowledge about a project's socio-economic impacts. My careful analysis of local versus non-local hiring practices fills a gap in our understanding and should be seen as complementary to work such as Dr. Banaian's that explores other important impacts.

Third, Mr. Gracia argued that I did not sufficiently define "local" in my analysis. As stated above, I rely on the commonly accepted definition of "local" as clearly defined in Minnesota statute: 216B.2422 Subd. 1(h):

- (*h) "Local workers" means workers who:*
    i. *(1) are employed to construct and maintain energy infrastructure; and*
    ii. *(2) are Minnesota residents, are residents of the utility's service territory, or permanently reside within 150 miles of a proposed new or refurbished energy facility.*

Fourth, Mr. Gracia questions whether insights from employment practices and spending patterns of workers on wind farm projects are relevant to an analysis of a solar project like Benton Solar. While there is variation in construction practices and total employment per megawatt on wind and solar projects, there are many similarities in the types of work and spending patterns are very similar. For example, a construction laborer working on a wind or solar project does many similar tasks. In fact, many of our members consistently work on both wind and solar projects. The same is true for contracting, with substantial overlap in top Engineering, Procurement and Construction ("EPC") contractors between wind and solar, including companies such as Blattner Company, Mortenson Construction, and MasTec leading both sectors.

I have not seen any evidence that work on a wind farm, solar project, or bridge project for that matter, lead to any noticeable shifts in spending patterns, although we see from Minnesota data and anecdotally elsewhere that solar projects can achieve higher levels of local workforce utilization than wind projects because they are less complex and require less specialized labor. Because my focus is on spending patterns of local versus non-local construction workers, there is good reason to use insights from wind energy projects.

IV. RESPONSE TO SCHEDULE 1 ANALYSIS OF THE ECONOMIC IMPACTS

Q. Mr. Gracia's rebuttal testimony includes Schedule 1, which contains a case study analysis by Dr. Banaian of the Center for Policy Research and Community Engagement at St. Cloud State University (Gracia Rebuttal, Schedule 1). What is your response to this study?

A. I appreciate Dr. Banaian's analysis of the potential impact of the Benton Solar project, and his findings are directionally similar to my own. His analysis highlights significant positive impacts for the St. Cloud, MN MSA that can come with a large solar project like Benton Solar. He uses IMPLAN to estimate the direct, indirect and induced job impacts, which are substantial. He also documents the labor income, contributions to GDP and tax revenue, all important components of the positive impact the Benton Solar project could have on the region. While I agree directionally with Dr. Banaian's analysis, I have significant concerns with the precision of his findings due to problematic use of wage data. I also find that his study fails to account for the variable impact of local versus non-local hiring practices, which is a common but not inevitable weakness of IMPLAN studies.

First, Dr. Banaian has a couple puzzling descriptions about the construction workforce that raise concerns about underlying project assumptions. In describing the share of workers by craft, he explains how "70% of these workers would be skilled labor, including electricians and engineers" (Schedule 1). Is is unclear how he defines skilled versus unskilled or if he assumes construction craft laborers are unskilled. Additionally, he states that, "Construction is expected to be governed by a prevailing wage agreement, so labor figures were checked against a wage assumption of $37.66 for general labor and $41.00 for electricians" (Schedule 1). He identifies no source for these wage rates and does not clarify if they include fringe benefits.

These peculiar wage rates raise larger concerns about the accuracy of his findings. I estimate wage rates based on the prevailing Heavy and Highway rates for Region 5 (see Franco Direct Testimony Attachment A). The current prevailing wage rate for a Common Laborer (Code 101) is $70.12 for the total rate ($44 basic rate + $26.12 fringe rates). The delta between Dr. Banaian's wage assumption for an Electrician (Code 707) is even greater as the current relevant prevailing wage rate is $94.97 for the total rate ($60.40 basic rate + $34.39 fringe rate). Dr. Banaian's wage assumptions appear substantially inaccurate. While the rates for other crafts are not provided, it is hard not to assume similar miscalculations since the state "prevailing wage agreement" rates are not based on the correct prevailing wage rates. It is also unclear whether he is using total package rates or just basic rates in his analysis. I have often found that studies just look at the impact of basic rates, which radically underestimate the impact of construction earnings on a local economy since fringe benefits like healthcare and retirement contributions are important sources of short and long term spending.

Dr. Banaian's study also appears to ignore the impact of overtime on wage rates. Again, this is a significant determinant of the total value of construction wages. As I argued in my case study analysis, overtime pay is common for renewable energy projects. I have significant concerns with the accuracy of Dr. Banaian's findings due to flawed wage data. Flawed inputs lead to flawed outputs.

Second, Dr. Bananian's study appears to completely ignore the impact of local versus non-local labor. As I stated previously, I have found that IMPLAN analyses often fail to sufficiently grapple with variance in project impacts based on the share of local versus non-local workers. For example, in the report from North Star Policy Action that I included as Attachment A in this surrebuttal testimony, the authors analyze an Ernst & Young analysis of the potential impacts of the Summit Carbon Capture Pipeline. They found that, "An economic analysis commissioned by Summit significantly overestimates the local benefits

of the project based on a highly unrealistic assumption that local workers will account for over 90 percent of the project's construction workforce" (Franco Surrebuttal Attachment A). While the underlying assumptions of local versus non-local labor were highly unrealistic in the Summit Carbon Capture analysis, they did at least attempt to grapple with variable impacts. While many IMPLAN based economic impact studies fail to account for local versus non-local employment, a set of studies from the Area Partnership for Economic Analysis (APEX) looking at the impact of the Enbridge Line 3 project highlighted the importance of measuring local versus non-local labor and showed how you can use IMPLAN to calculate these variable impacts.[2] Similar to the expectations today for clean energy projects in Minnesota, the share of local versus non-local labor was an important component of the Line 3 Project and there was wide recognition of the relationship between the share of local versus non-local workers and local economic benefits. Thus, APEX researchers prioritized measuring variable impacts.

In conclusion, while I agree directionally with Dr. Bananian's study on the impacts of the Benton Solar Project, inaccurate wage data raise doubts about any conclusions we can draw from his study. Finally, while there is insufficient discussion of the impacts of local versus non-local hiring practices, the claim that "Benton Solar estimates that 60% of the labor cost, equal to $119 million, will be hired locally" is encouraging (Gracia Rebuttal Testimony Schedule 1). It appears to suggest that the company aims to use 60% local labor, which would ensure robust local benefits. If they follow through on commitments to work with local unions, I am confident they can achieve a majority local workforce.

Q. Does this conclude your testimony?

A. Yes

[2] Haynes, Monica, Gina Chiodi Grensing, Nana Kofi Austin, and Jacque Jones. *Economic Impact of Enbridge Line 3 Replacement Project*. Duluth: Duluth: Area Partnership for Economic Expansion (APEX) at Bureau of Business and Economic Research Labovitz School of Business and Economics, University of Minnesota, July 2022.