

Minnesota Public Utilities Commission

Staff Briefing Papers

Meeting Date: December 4, 2014 Agenda Item *2

Company: Great River Energy

Docket No. E015/TL-11-915

In the Matter of the Route Permit Application by Great River Energy for the Enterprise Park to Crooked Lake 115 kV Transmission Line Project in Anoka County, Minnesota

Issues: Should the Commission approve the transfer of the route permit?

Staff: Michael Kaluzniak 651-201-2257

RELEVANT DOCUMENTS

Petition to Transfer Permit.....October 29, 2014

Notice of Comment Period on Petition.....October 31, 2014

Department of Commerce (EERA) Comments on Petition.....November 7, 2014

The attached materials are work papers of the Commission staff. They are intended for use by the Minnesota Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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STATEMENT OF THE ISSUE

1. Should the Commission hold a public meeting to provide the public an opportunity to comment on the petition prior to making a decision?
2. Should the Commission approve the transfer of the route permit for the Enterprise Park 115 kilovolt Transmission Line Project?
3. If the transfer is approved, should the Commission attach any conditions to the transfer?

BACKGROUND

On August 24, 2012, the Minnesota Public Utilities Commission granted a route permit to Great River Energy (GRE) for the Enterprise Park to Crooked Lake 115-kV Project located in the cities of Anoka and Coon Rapids in Hennepin County, Minnesota. The project entailed construction of an approximately 5.8-mile 115-kV transmission line and associated facilities necessary for interconnection. The purpose of the project is to provide a second energy source to the existing Enterprise Park Substation in Anoka by interconnection to the existing Crooked Lake Substation in Coon Rapids, Minnesota.

On October 7, 2014, GRE notified the Commission that construction of the project was completed and that the transmission line was scheduled to be energized on October 10, 2014.¹

On October 29, 2014, GRE and MMPA Transmission LLC (MMPAT) submitted a petition to transfer the route permit from GRE to MMPAT effective as of the date of the closing of the sale of the transmission line assets. MMPAT is a wholly-owned subsidiary of Minnesota Municipal Power Agency (MMPA)².

On October 31, 2014, the Commission issued a Notice of Comment Period and accepted comments on the matter through November 21, 2014.

On November 7, 2014, the Minnesota Department of Commerce Energy Environmental Review and Analysis (EERA) staff filed comments.

APPLICABLE RULE

Minnesota Rule 7850.5000 PERMIT TRANSFER.

Subpart 1. Application. A permittee holding a large electric power generating plant site permit or a high voltage transmission line route permit may request the PUC to transfer its permit. The permittee shall provide the name of the existing permittee, the name and

¹ The joint applicants have indicated that, at the time of the petition, the line is currently not carrying load in order to complete additional work on the Enterprise Park Substation.

² MMPA is a municipal power agency and Minnesota municipal corporation

description of the entity to which the permit is to be transferred, the reasons for the transfer, a description of the facilities affected, and the proposed effective date of the transfer. The person to whom the permit is to be transferred shall provide the PUC with such information as the PUC shall require to determine whether the new permittee can comply with the conditions of the permit. The commission shall mail notice of receipt of the application to those persons on the general list at least seven days in advance of the commission's consideration of the matter. The commission shall provide the same notice to persons on the project contact list if such a list exists.

Subp. 2. Approval of transfer. The commission shall approve the transfer if the commission determines that the new permittee will comply with the conditions of the permit. The commission, in approving the transfer of a permit, may impose reasonable additional conditions in the permit as part of the approval. The commission may decide to hold a public meeting to provide the public with an opportunity to comment on the request for the transfer prior to making a decision.

COMMENTS ON THE PETITION

Request to Transfer Project Ownership

The petition states that GRE and MMPAT have executed an Asset Purchase Agreement (APA) dated December 13, 2013 in which MMPAT has agreed to purchase the transmission line from GRE. The joint applicants request that the Commission transfer the permit prior to December 13, 2014 so that they may close the transaction as contemplated in the APA. The joint applicants stated that they do not seek any changes to the terms or conditions of the Route Permit. MMPAT has agreed to assume responsibility for the route permit effective as of the closing of the transaction.

Under the APA, GRE would no longer own the Transmission Line, but would act as a service provider to MMPAT. GRE and MMPAT executed a Maintenance Services Agreement effective October 3, 2014, whereby GRE agreed to perform ongoing maintenance and engineering services in connection with the transmission line. Under the APA, all ongoing local, state and federal permits and licenses applicable to the transmission line will be transferred or assigned to MMPAT. MMPAT has agreed to comply with such permits and licenses as they are applicable to the ownership and operation of the transmission line.

MMPA has been a registered entity with North American Electric Reliability Corporation (NERC) since May 30, 2007. As of February 19, 2010, MMPA undertook the responsibility for complying with NERC reliability requirements/sub-requirements associated with the transmission owner function. In February 2013, MMPA became a transmission-owning member of the Midcontinent Independent System Operator (MISO).

The joint applicants have stated that MMPAT was formed for the purposes of owning all of MMPA's transmission assets. MMPA will assign all of its rights and obligations under the MISO Transmission Owner Agreement to MMPAT such that MMPAT will become the transmission-owning member of MISO. MMPAT will designate MMPA as the entity responsible for compliance with the transmission owner functions on behalf of MMPAT such that MMPA will remain the registered entity for NERC purposes.

Minnesota Department of Commerce EERA Comments

Based on Department staff's review of the permittees' filings, the Department concluded that the filings are in accordance with the Commission's route permit. EERA staff feels that a public meeting should not be necessary before approving the transfer.

STAFF DISCUSSION

Staff has not received any requests for a public hearing on the matter and recommends the Commission not order one.

Regarding the transfer itself, MMPAT is required to provide information sufficient to determine to the Commission's satisfaction that it can comply with conditions of the permit. As current owner and permittee for the line, GRE has demonstrated their ability and experience to act as service provider for the line. Additionally, MMPAT has agreed to assume responsibility for compliance of the route permit without changes and also assume responsibility for compliance with all ongoing local, state and federal permits and licenses applicable to the transmission line. Therefore staff recommends approval of the transfer.

COMMISSION DECISION ALTERNATIVES

A. Public Meeting

1. Refer the Matter to the Office of Administrative Hearings to conduct a public meeting in the project area in order to solicit public comment on the transfer.
2. Decline to hold a public meeting at this time.
3. Take some other action deemed appropriate

B. Route Permit Transfer

1. Approve the proposed transfer of the route permit issued by the Commission on August 24, 2012.
2. Approve the proposed transfer of the route permit as issued on August 24, 2012 with additional conditions.

3. Reject the proposed route permit transfer and indicate the specific deficiencies that need to be corrected.
4. Take some other action deemed appropriate.

Staff Recommendation: Alternatives A.2 and B.1.