

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

IN THE MATTER OF THE APPLICATION OF XCEL ENERGY MPUC Dockets Nos. E002/M-16-777
FOR APPROVAL OF THE ACQUISITION OF WIND ENERGY

**COMMENTS OF THE LABORERS DISTRICT COUNCIL OF MINNESOTA & NORTH
DAKOTA ON XCEL ENERGY’S PETITION FOR APPROVAL TO ACQUIRE 1,550
MW OF WIND GENERATION RESOURCE ADDITIONS**

The Laborers District Council of Minnesota & North Dakota (Laborers Union) and its five Local Unions, represent approximately 12,000 construction workers and public employees in Minnesota, North Dakota and Northwestern Wisconsin. We are affiliated with the Laborers International Union of North America (LIUNA), a 500,000-member strong organization that fights on behalf of construction workers in the U.S. and Canada, including many that build and maintain energy infrastructure assets.

The Laborers Union has reviewed Xcel Energy’s proposal to add 1,550 MW of wind generation capacity to the Northern States Power Company (“NSP”) system. Our organization strongly supports the development of energy resources, but in the case of Xcel’s application, we believe that further information is needed to determine whether Public Utility Commission approval of the proposal would be in the best interest of the of state and its ratepayers, including our members and their families and communities. We have every confidence based on our long and constructive relationship with Xcel that the applicant will be able to answer our questions and address our concerns through the public input process.

The Laborers Union wants to make clear, before discussing the specifics of the proposal, that we fully support the development of clean energy resources. LIUNA has long been a leader in efforts to halt climate change and promote the deployment of low and no-carbon technologies ranging from home and commercial building efficiency measures to wind and solar power to supporting transition to from high- to lower-carbon fuels such as natural gas.

Our union has supported policies and projects that make energy production cleaner, more reliable, and more affordable at the national level, and here at home where we view wind energy as a crucial resource. Just in the past few months, we provided a worker voice in a broad (and successful) effort to fight off a proposed legislative moratorium on new wind energy development in North Dakota, and our members lent local support at the public hearing for

Blazing Star Wind – one of the projects that Xcel proposes to build as part of the current acquisition.

The Economic and Social Potential of Wind Energy

Wind projects such as those proposed by Xcel can, when properly managed, deliver significant local employment and economic benefits to workers and communities, in addition to delivering clean, reliable, and affordable power to ratepayers. The positive economic and social effects of large infrastructure construction projects is often underrated because the jobs created are often written off as “temporary”.

In our experience, however, a well-managed project such as Geronimo Energy’s 200-MW Prairie Rose wind farm can have substantial and long-lasting impacts. Prairie Rose put some 200 skilled craftsmen and craftswomen to work, with union contracts ensuring that a large share of jobs went to local Southwest Minnesota residents. For some, it was an opportunity to work close to home; for others, a first chance at a union career.

Most important, the project represented a chance to get ahead in a part of the state where decent blue-collar jobs are few and far between. The typical Construction Laborer employed on a 200 MW wind project logs 1,500 work hours. At current union rates, that could translate into around \$37,000 in taxable wages, 13 months of family medical coverage, and \$7,000 in retirement, along with a chance for unlimited free skills training.

As North Dakota LIUNA member Robert Noble told North Dakota’s *Fargo Forum* in February, wind construction has provided a good-paying job last year and an opportunity help “see the world get better at clean energy”.¹

Will the proposed aggregate capital cap and savings retainage serve the long-term interests of Minnesota communities, ratepayers, and workers?

Xcel has proposed that the company’s cost recovery be limited to an undisclosed capital cap, but that conversely, the company would be permitted to retain any savings below the cap. “We therefore propose to limit our cost recovery to an aggregate capital cap (including AFUDC) ... for the entire Wind Portfolio. If we exceed these costs in our execution of the projects, the Company (not customers) will bear those costs. Symmetrically, if we are able to achieve any cost-savings, we would retain those savings.”

The Laborers Union supports well-designed efforts to maintain affordability by controlling capital costs, but Xcel’s application does not provide enough information (at least not to the public) to assess whether the proposed structure will serve, or harm, the long-term interests of Minnesota ratepayers and communities. An aggregate capital cap that strongly incentivizes front-end savings could, without the proper safeguards, create undue pressure to cut corners in ways that undermine the economic, environmental and social benefits of the program; put the safety and well-being of workers at risk; and leave future ratepayers on the hook for the costs of maintaining poorly-built energy infrastructure.

¹ <http://www.inforum.com/news/4221600-near-record-growth-wind-industry-faces-stiff-challenge-nd-senate>

We are concerned that the cap not encourage the use of non-responsible contractors that advertise low front-end costs while delivering low-quality, unsafe jobs and a workforce that is neither locally sourced nor sufficiently skilled to deliver the high-quality assets that ratepayers deserve. We are particularly troubled by a similar circumstance in Colorado, where, in the view of our local brothers and sisters, a structure that allows Xcel to retain 17.5 percent of any cost savings on Xcel's new 600 MW Rush Creek,² contributed to a decision to build the project using low-wage workers, despite Colorado Public Utilities Commission guidance that called for use of Best Value Employment Metrics.

We welcome additional information on the intended structure of the cap and the controls that are proposed to safeguard the interest of communities, ratepayers, and workers in safe and high-quality construction of new renewable generation assets.

Will the contracting practices employed by Xcel and the company's development partners (Allete and NextEra) deliver good jobs, safe projects, and high-quality assets?

In its application, Xcel Energy states it will utilize Balance of Plant ("BOP") Construction contracts to develop their four self-bid projects. Xcel proposes to minimize scheduling and cost risks by grouping the four projects into one portfolio and one fixed priced contract. Xcel states it has consulted with wind contractors to develop reasonable cost estimates, and that it will "use established wind contractors with experience building wind projects in the region." It further argues that it believes it has identified, assessed, and mitigated construction risks through "prudent contracting policies."

The Laborers Union supports the use of "prudent contracting policies," and we encourage construction owners to make such policies as specific and transparent as possible, including through the adoption of model Responsible Contractor Policies that are specifically geared to the energy industry. In our experience, Xcel has an excellent track record in Minnesota when it comes to selection of responsible contractors to build and maintain the company's conventional power plants, and we are grateful for the opportunities it has afforded to our skilled members. We recognize, however, that the wind and solar industry have developed differently than the conventional power industry, and that there are unique challenges to ensuring that workers in these industries are skilled, safe, and fairly treated.

Safety is a particular concern on large infrastructure construction projects, and the wind industry is no exception. As one OSHA official observes, "Wind Energy workers are exposed to many hazards that can result in fatalities and serious injuries such as falls, struck by, electrical shocks and crushing injuries."³ An international database of wind turbine incidents lists many U.S. worker fatalities related to wind turbine operation, construction, and or maintenance.⁴ One contractor involved in construction of Minnesota wind facilities was evidently responsible for three wind energy construction fatalities over the past decade.

² Non-Unanimous Settlement Agreement, Proceeding No. 16A-0117E, Colorado Public Utilities Commission.

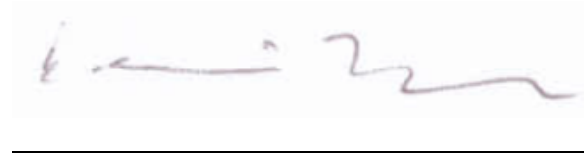
³ The News Staff. *OSHA opens investigation after another worker injured at Ninnescah Wind Farm*. The Hutchinson News, July 7, 2016. www.hutchnews.com. Accessed April 2017.

⁴ Caithness Windfarm Information. Wind Turbine Accident and Incident Compilation. <http://www.caithnesswindfarms.co.uk/fullaccidents.pdf>. Accessed April 2017.

We would welcome more specific information from Xcel about the company's plan to ensure that the high standard established in the company's power plants is carried into the company's in-house wind and solar projects, as well as projects built by partners such as Allete and NextEra.

Dated: May 1, 2017

Respectfully Submitted,
Laborers District Council of Minnesota & North Dakota

A handwritten signature in dark ink, appearing to read "Kevin Pranis", is positioned above a horizontal line.

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