

File

Fredrikson
BYRON, P.A.

March 5, 2010

Ms. Sharon Ferguson
Office of Energy Security
85 7th Place East Suite 500
St Paul, MN 55101-2198

**Re: Docket No. E002/M09-1349, E002/M-09-1350
and IP6701/CN-09-1186**

Dear Ms. Ferguson:

Enclosed please find the original and two copies of AWA Goodhue, LLC's Responses to OES Request Nos. 12, 13 and 14 in connection with the above referenced matter.

Please do not hesitate to contact me with any questions you may have.

Sincerely,

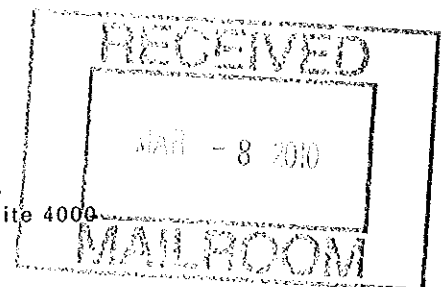


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AWA Goodhue, LLC

Docket Nos.: IP6701/CN-09-1186, E002/M-09-1349 and E002/M-09-1350

Response To: Steve Rakow Information Request No. 12

Date Received: February 25, 2010 Response Date: March 8, 2010

| Request No. | |
|-------------|---|
| 12 | <p>Please explain the relationships (if any) between each entity listed in the first set of organizations listed below (involved in the Goodhue project) and each entity listed in the second set of organizations listed below (commenting in support of the Goodhue project). That is, provide a matrix with GW, NW, AWA, AWAG, Mesa, and GE on the columns and Adams, Uilk, et al on the rows with each cell explaining the relationship.</p> <p>SET 1:</p> <ul style="list-style-type: none"> i. GW Community Holdings, LLC (GW); ii. GW's managing partner and developer – National Wind, LLC (NW); iii. GW's equity partner – American Wind Alliance, LLC (AWA); iv. AWA's and GW's organization to facilitate financing – AWA Goodhue, LLC (AWAG); and v. AWA's co-founders – Mesa Power Group and General Electric. <p>SET 2:</p> <ul style="list-style-type: none"> a. Adams Wind (Adams); b. Uilk Wind Farm (Uilk); c. Community Wind North; d. Danielson Wind; and e. West Stevens Wind; f. Norfolk Wind Energy; g. High Country Energy; and h. Root River Energy. <p>Response</p> |

See matrix on the following page.

| | GW Community Holdings | National Wind | American Wind Alliance | AWA Goodhue | Mesa Power Group | GE |
|----------------------|-----------------------|--------------------------------|------------------------|-----------------|------------------|-----------------|
| Adams Wind | No relationship | No relationship | No relationship | No relationship | No relationship | No relationship |
| Uilk Wind Farm | No relationship | No relationship | No relationship | No relationship | No relationship | No relationship |
| Community Wind North | No relationship | No relationship | No relationship | No relationship | No relationship | No relationship |
| Danielson Wind | No relationship | No relationship | No relationship | No relationship | No relationship | No relationship |
| West Stevens Wind | No relationship | No relationship | No relationship | No relationship | No relationship | No relationship |
| Norfolk Wind Energy | No relationship | NW is the Manager and a Member | No relationship | No relationship | No relationship | No relationship |
| High County Energy | No relationship | NW is the Manager and a Member | No relationship | No relationship | No relationship | No relationship |
| Root River Energy | No relationship | NW is the Manager and a Member | No relationship | No relationship | No relationship | No relationship |

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AWA Goodhue, LLC

Docket Nos.: IP6701/CN-09-1186, E002/M-09-1349 and E002/M-09-1350

Response To: Steve Rakow Information Request No. 13

Date Received: February 25, 2010 Response Date: March 8, 2010

| Request No. | |
|-------------|--|
| 13 | <p>This question is intended to enable OES to verify the reliability of the forecast of Goodhue’s compliance with Minn. Stat. § 216B.1612, subd. 2(g) that was provided in response to OES Information Request No. 1 in this proceeding by verifying the accuracy of prior forecasts produced by Goodhue’s developer and managing partner.</p> <p>First note that National Wind’s website claims development experience for numerous projects. Second, note that some of National Wind’s projects have commented in this proceeding and claimed to have CBED status. Therefore, to verify the ability of OES to rely upon Goodhue’s forecast of CBED compliance, please provide documentation that the following projects are currently compliant with 216B.1612, subd. 2(g). That is, do not provide CBED opinion letters from OES, instead provide current data similar to that provided in Information Request No. 1.</p> <ul style="list-style-type: none"> a. High Country Energy project; and b. Root River Energy project. c. Norfolk Wind Energy project; <p>Note that if your response to the prior question demonstrates a significant relationship with another project that commented and claimed CBED status, it would be helpful for similar information to be provided for that project too.</p> <p>Response</p> <p>AWA Goodhue objects to this information request on the basis that the information requested is irrelevant or is not reasonably calculated to lead to the production of information relevant to this proceeding.</p> <p>Without waiving this objection, AWA Goodhue notes several corrections to OES Information Request No. 13. First, National Wind continues to serve as a developer to the AWA Goodhue project. However, National Wind is not a “managing partner” nor does it have an ownership interest in AWA Goodhue, LLC. Second, National Wind has not provided prior forecasts of C-BED eligibility for the High Country Energy, Root River Energy, nor Norfolk Wind Energy projects.</p> <p>As noted in various letters from individuals participating in each project (<i>see, e.g.</i>, letters from Henry Scheibel, John Meyer and Therese Graner filed in these dockets on February 22, 2010), High County Energy, Root River Energy and Norfolk Wind Energy, are structured to facilitate and intend to meet the C-BED eligibility criteria as understood through OES and PUC precedent</p> |

and have sought county resolutions of support as required under Minn. Stat. § 216B.1612, subd. 2 (g)(3). However, detailed financial projections demonstrating compliance with Minn. Stat. § 216B.1612, subd. 2 (g)(2) have not yet been completed for these projects. As a result, none of these projects have, as of the date of this response, sought a determination of C-BED eligibility.

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AWA Goodhue, LLC

Docket Nos.: IP6701/CN-09-1186, E002/M-09-1349 and E002/M-09-1350

Response To: Steve Rakow Information Request No. 14

Date Received: February 26, 2010 Response Date: March 8, 2010

| Request No. | |
|-------------|--|
| 14 | <p>Please provide a transcript of the May 27, 2007 Minnesota House floor session cited in Goodhue’s February 22, 2010 reply comments at Footnote 9 on page 7.</p> <p>Response:</p> <p>Attached is a partial transcript of the House Floor debate discussing the C-BED portions of SF145. (Please note that there was a typo in the date referenced in Footnote 9 of AWA Goodhue’s reply comments. The correct date of the debate is May 20, 2007.) The audio recording of the entire Floor Session from May 20, 2007 lasted over 5 hours and is available on the Minnesota House of Representatives website at:</p> <p>http://www.house.leg.state.mn.us/htv/archivesHFS.asp?ls_year=85.</p> <p>Representative Westrom’s comments regarding the C-BED portion of SF145 appear on pages 5-6 of the attached transcript.</p> |

1:16:53-1:22:33

Madam Speaker Messages from the Senate.

Clerk Message from the Senate. This is the Hilty motion. Madam Speaker, I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on House File 145, an act relating to energy. The Senate has re-passed that bill in accordance with the recommendation and report of the Conference Committee. The Conference Report is addressed to the Honorable James P. Metzen, President of the Senate, the Honorable Margaret Anderson Kelliher, Speaker of the House. We, the undersigned conferees for Senate File 145, report that we have agreed upon the items in dispute and recommend as follows. The report is signed by all five conferees on the part of the Senate and all five conferees on the part of the House. Hilty moves that the report of the Conference Committee on Senate File 145 be adopted and that the bill be re-passed as amended by the Senate.

Madam Speaker I recognize the author, Rep. Hilty, who will explain the report.

Rep. Hilty Thank you, Madam Speaker. Members. Senate File 145 is the Next Generation Energy Act. And Members, I believe that that is an appropriate title for this bill. You recall when the bill passed the House, I described it as, as close as we could come to an actual committee bill. That certainly has been the case. There are three major elements in the bill: a conservation and efficiency article that represents an enormous amount of work through stakeholder meetings and countless hours of conversation with everyone involved in this and the part of Rep. Kalin. There's a community-based economic development piece developing rural wind and other renewable initiatives that represent comparable amounts of work on the part of Rep. Peterson, and then there's the global warming climate change piece dealing with how to deal with carbon emissions that Rep. Ruud worked on throughout the session and I think that all three of these elements of the bill have been brought to a very satisfactory conclusion. There was total agreement on the conservation and efficiency piece between the House and the Senate. We had some issues to iron out in the community-based economic development which I think we did very satisfactorily. Our concern was to maintain as much as we could advantages to the small rural wind developers and I think that that has been accomplished in this bill. In the climate change portion of the bill as I'm sure Members that were paying attention at the time recall, there was a major issue in the bill as it went out of the House regarding a moratorium on the construction of new large energy facilities, also known as coal plants. And I think we reached a very satisfactory compromise with Senate that was the major sticking point and how we have arranged this now. As the bill began in the House, we had a moratorium on the construction of new power plants until the Department of Commerce and the Pollution Control

Agency came up with a plan for the – for how the State would deal with curtailing carbon emissions. What we ended up with is exactly the opposite of that. Instead of a prohibition until we have what amounts to a prohibition unless. As it stands right now, there is no prohibition on certificates of need but what there is, is a requirement for the plan to be in place by August 1 of 2009 and if the plan at that time is not in place, then there would be a prohibition on the issuances of certificates of needs for new coal-burning power plants. I think that everyone that was concerned with this issue, all the stakeholders, the utilities, the environmental groups, labor, I can't think of anyone that has not had a hand in putting this bill together, have been satisfied with the outcome. I think it's a good bill and I don't think it's inappropriate considering the contents of this bill to quote our late friend, Willard Munger, "It's a good bill. Vote for it."

Madam Speaker Is there any discussion? Is there any discussion of the Conference Committee report? Rep. Kalin.

* * *

1:24:58-1:28:00

Rep. Peterson Thank you Madam Chair and Members. The second part of this package of priority for the Governor is a Community-Based Energy Development. It's a two-year-old statute and quickly, it follows the desire and what is happening in corn ethanol to keep it as local as best we can with gross revenue over a 20-year power purchase agreement of 51% flowing to the local community. We remove a tariff rate that was done in 2005. Utilities must take reasonable steps to identify and work with C-BED partners. Partnerships have been developed and strengthened I guess between the utilities and the community partners and identifies specifically what utilities specifically one that's shown the most interest is Xcel to their cost recovery and the utility ownership and the guidelines around C-BED, non-C-BED and independently produced power. Now I think there's a good relationship there and those involved will have to stay paying attention to the plans that these utilities make as they go in front of the Public Utility Commission. It's not a mandate or a standard for a certain amount of community energy. They lack some technical things. Reliability administrator goes back to the Department of Commerce as the person who did the wind study earlier in the year. There's issues on size determination and county permitting which has been a little bit of a sticking point as to who says what about these projects in rural Minnesota. Importantly, there's a sweet spot study which is just called to identify the areas in the five transmission zones in Minnesota that there would be transmission room on the existing grid and with some less expensive upgrades to get the renewable energy center percentages agreed upon and implemented on time, and that will continue and we're going to have lots of meetings and discussions and technical review on that. We're setting up an advisory task force is the Senate

language taken from Sen. Rosen, a good idea because it's only a two-year-old statute and we need to keep scrutinizing it such that we get a handle on what community energy is because this is a dynamically changing market and we need to pay attention in Minnesota if we want to be involved. Interconnection evaluations – some of the stuff isn't exactly that intuitive nor interesting after midnight but all you actually get on the grid is not that easy to figure out so we're going to be working more on that and quickly at the end it does not just apply to wind power like it originally did in 2005. It applies to all energy technologies that we list underneath the renewable energy standard . . .

* * *

1:33:14-1:33:59

Rep. Ozment

Thank you Madam Speaker. I'd just like to thank Rep. Hilty for constructing a very fine bill here and every interest group that I have spoken to, whether it's been the utilities or the environmental groups or the energy groups, have all expressed their appreciation for this compromise development. I also want to let the membership know that the provisions that are in here that have been the initiations – or initiatives of Gov. Pawlenty, that his administration is very appreciative of the cooperative efforts that Rep. Hilty and others have put forward in that to develop this bill and so I think this particular bill really deserves our support. Thank you very much Rep. Hilty.

* * *

1:34:58-1:50:30

Rep. Westrom

Madam Speaker. Would Rep. Peterson yield?

Madam Speaker

He yields.

Rep. Westrom

Rep. Peterson, regarding the C-BED language, and I missed just the very beginning of your introduction but is it my understanding that the C-BED coalition, George Crocker and Dan Juhl and the folks that they represent and other renewable energy or wind energy advocates are in favor of this revised C-BED language and second question, you can answer it all at once, there was a 35% threshold of local benefit. Is that threshold still in there? I know there was some pressure – some that wanted to lower that a little bit more but can you just give me a recap of those and the support is out there unanimous or is there some groups or people with concerns on this?

Madam Speaker

Rep. Peterson.

Rep. Peterson

Thank you Madam Chair and Rep. Westrom and you're the original author of the bill in 2005 so I'm glad we're talking about C-BED. That means

somebody else knows what it is. So your question. I had some negotiations with the Senate and the 35% you're referring to and the language underneath it that we discussed last week, that was lost in the conference and we are to a point where we're going to demonstrate that 51% gross revenue over the life of the project flows to qualifying owners or other local entities so and then the other portions that we discussed last week, they did drop out of the bill before you here today and I did speak with Mr. Crocker at length and some of the others and they believe this is a workable bill that we shook hands and nodded on. Over the interim, we'll see how this goes before we come back to session next year, I guess.

Madam Speaker Rep. Westrom.

Rep. Westrom Madam Speaker, Rep. Peterson. What about the community partnership provision that some groups out there were trying to carve out a new provision? Is that language in the bill or I wasn't clear on your answer? Has that been added or is that something that's going to be discussed in the next year?

Madam Speaker Rep. Peterson.

Rep. Peterson Thank you Madam Chair, Rep. Westrom. Thanks for remembering our conversation. That did not get into the bill this year. I felt and I went back and forth a little bit with Sen. Rosen about the percentage and the number and it ultimately was an amendment offered but withdrawn in the conference and I think that the community participation idea might have merits if those who are proposing a portion of that style I guess of operation and setup _____ find a percentage of participation at least in my opinion that's stable because I felt it fluctuated too much over the length of this legislative session and I didn't think it was yet fully developed in order to get in. Thank you.

Madam Speaker Rep. Westrom.

Rep. Westrom Madam Speaker, Rep. Peterson. Thank you. If I could just ask you one more question in relation to the first one but I wasn't 100% sure that it sounded like all the groups were satisfied with the revised number of 51% for local benefits. Is – can you just give me a little more assurance that the groups are unequivocally supporting or is there some reservation by some yet because of these changes? The whole idea behind C-BED as you know and you've been a very strong advocate for it as well, is to make sure Minnesotans own and have the benefit inuring to their communities and themselves who live in our state, pay taxes in our state, try to feed their families in our state and I'm just – can you just touch on that a little bit more, Rep. Peterson? I was wondering in your answer if maybe there are some that are lukewarm or maybe neutral to making these changes, not real

happy about it? Is that a mischaracterization or is that kind of the case?

Madam Speaker Rep. Peterson.

Rep. Peterson Thank you Madam Chair and Rep. Westrom. I believe the people who brought the idea to you when you were chair of the Regulated Industries Committee are the people you mentioned early on. They are okay with this version this year. I haven't had any I guess negative assessment of this specifically from that group from Southwest Minnesota that you're familiar with that helped develop this idea in '05. I would say if you're wondering who might be lukewarm, it might be those equity investors or partners that wanted in on the community partnership language that did not get in this year. They might have wanted some access to this percentage and I specifically, you know, decided that if I could, I would let the community partnership piece develop a little bit more and firm itself up as to what percentage of payment they're willing to make to the local owners and participants and communities and I felt it fluctuated too wide and loose I guess this legislative session. So, I believe they might be a little lukewarm to it but from your intent from the original statute as you passed it in 2005, I believe those that helped develop it are satisfied with this bill because underneath it there's opportunity, there's sweet spots _____ that we're going to continue, could have a lot of beneficial attributes to it as it moves forward and the RAS percentages pick up opportunities for installation of projects in a disbursed fashion across the State of Minnesota which with Xcel's interests in C-BED, I think we have an opportunity. And those partners that you are wondering about, I do believe it's correct to say that they are pleased with this bill.

Madam Speaker Rep. Westrom.

Rep. Westrom Thank you Madam Speaker. Thank you Rep. Peterson for working on that provision and holding the language to the intent of benefiting the Minnesotans and communities that we all live in. That is very important because as you know there's a lot of money in utilities and generation because we all need it. We all need our computers to run. We all need the light switches to work. We all need the refrigerators to have constant electricity and so C-BED is a great concept to provide part of the ownership and production of energy to have those benefits staying within our state, feeding the state coffers because there's new taxes paid on the revenues versus some models that we've seen, Members, have a lease payment being paid to one landowner and all the rest of the dollars floating out of the state to a company that's very sizeable and is in here for one reason. It's one reason to make money off of a law we have in the State of Minnesota or an opportunity we have in the State of Minnesota and we have a wind resource. We have great opportunities to have some of those dollars stay in the State of Minnesota and so I'm pleased that we've been able to keep that provision strong and not erode it and it's always amazing that there's

groups that come forward because they all of a sudden see the cache, see the opportunity. Well, we want that opportunity to stay with our residents in the entire State of Minnesota and it's not just rural residents because there's many citizens in the Twin Cities area that are investors in some of these projects and can be investors in these projects in the future. In fact, we would encourage that because we need capital and one person alone usually can't bring the capital to the table but the more we can have that capital and that investment and return flowing back to people that live right here in Minnesota, that means they're paying income tax on it. That means they might be creating a job with that income. They might be feeding their family with that income. They might not be on welfare because of that income. There's lots of benefits and that's what C-BED is about and we need to continue to keep that as a viable provision for Minnesota residents as well as entrepreneurs that might want to help contribute to the production of energy and renewable energy in the State of Minnesota. So that is a good provision. Unfortunately, there's some other provisions that are I think clinkers in this bill but Rep. Peterson, I appreciate your work on the C-BED and working keeping me apprised of different negotiations and I'm glad to see that prevailed in the bill and, Members, I just wanted to use this also as a helpful opportunity to inform some of you that maybe were just elected and haven't heard a whole lot about C-BED but Community-Based Energy Development is what it stands for and we're going to continue that as a policy in the State of Minnesota to benefit our state citizens.

Madam Speaker Rep. Berns.

Rep. Berns Thank you Madam Speaker. I thought it would be the appropriate time Members for my Al Gore impression. Are you ready? Here it goes. Do you want to see it again? I want to first thank Chair Hilty. I thought he did an outstanding job. I was a member of the Conference Committee and great negotiator and brought back many, many things for the House. I also want to thank members of my caucus, Reps. Simpson, Gunther, Magnus and Beard, I appreciate you getting me up to speed on this issue. I did not serve on the committee and I had a lot to learn and I very much appreciate you letting me know what was important to members of our caucus in the end. Real question: why do you want to vote for this bill? Why should you vote for this bill? First, Rep. Peppin, your nuclear energy study is in. We fought for the House position there and won it. Second, Representative from Manitoba, we got your language in as well. Rep. Brod, that went in the final report. Most importantly, we have a good conservation element to this program. I know Rep. Kalin worked very hard on that. We didn't have to make any changes because it had been worked out. And there's something I've learned as a freshman. It's very good to have peace in the valley on that. Bring people together. I know Rep. Kalin worked hard on that. I think that's a very good provision of the bill. Members, you might not know. Rep. Aaron Peterson, outstanding negotiator for C-BED. We got a lot of his language in as well. It's good for local communities and it

encourages investment in wind as Rep. Westrom told us. And finally and most importantly, this is a good bill because of Rep. Ruud's addition on the global warming and climate change. I know we had a very lengthy debate on that. I don't want to get into it here but this is a win-win provision. Members, we have one of the largest power companies in Minnesota, Xcel Energy, their business plan. Their business plan is no more carbon. Their business plan is not to invest in coal power plants. That is – shows the changing – it shows the changing world we live in. They're investing in wind, they're investing in hydropower and I think that shows you where we're going as a society. We have a win-win decision on the global warming. I know it was very controversial. This does protect rate payers and it also protects us all and our kids. In Minnesota we have a great tradition of leading on all sorts of things, whether it be our education system, our safety net, our – the way we treat people. We treat everyone with respect here and we're going to lead just like we led on the renewable energy standard, we're going to lead in energy and we're going to lead on the global warming mitigation act. This is historic legislation. I am very proud to get a chance to vote yes for this bill and I would encourage you all to do the same thing. Thank you.

Madam Speaker There being no further discussion, all those in favor of the motion to adopt the Conference Committee report on Senate File 145, say aye.

Reps Aye.

Madam Speaker Those opposed say nay.

Reps No.

Madam Speaker The motion prevails. The Clerk will give the bill its third reading as amended by Conference.

Clerk Third reading Senate File 145 as amended by Conference.