

Carrie Anne Johnson
1870 E. 26th St,
Minneapolis, MN 55404
(612) 281-4399
greenwarriorbunny@gmail.com

April 29, 2011

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Ste 350
St. Paul, MN 55101-2147

RE: Xcel Hiawatha Project, PUC Docket No. E002/CN-10-694

Dear Dr. Haar:

Please find below my comments regarding the merits of the Xcel Hiawatha Project. I was not aware of the two separate comment periods until very recently, and so I will be incorporating my original comments that mistakenly were only sent to Mr. Bill Storm at the OES, along with my reply comments incorporated as well. Primarily, I will be replying to the comments submitted by the Office of Energy Security by Steve Rakow, Hwikwon Ham, and Christopher Davis on March 31, 2011.

First, I would like to begin by sharing some background on our proximity to this project. Our household lives less than 2000 feet from proposed Substation Hiawatha West or East, and less than 125 feet from the proposed HVTL along Route B. In addition to roommates, we are two families, each with one young child (2 and 3.5 yrs). All of the people who live here are year-round bikers, all of whom frequently ride the Midtown Greenway and the Hiawatha Trail, intersecting at many points underneath the proposed power lines or riding in close proximity to the substations.

We also are all very serious when it comes to doing our part to care for the earth: we reuse more than we recycle, we trade, barter and fix goods before we buy them secondhand (or bulk in the case of food), we dumpster or capture items before they hit the trash, we are remediating our toxic soil so that we can grow our own food, we grow native plants, have a large rain garden, are learning about rainwater systems, building a wind turbine, and just generally devoting our efforts to living as zero-waste and sustainably with the planet as we can. We still utilize the technology and tools we have at our disposal but primarily to learn about these systems, to organize, and to participate in a broader movement. We're not perfect, but we're ready to commit to broader scale solutions. ***Our efforts, however, are just a grain of sand if the larger institutions aren't willing to help us realize the harmonious vision we must share for a clean energy future.***

I ask that you help us make that vision of the future a reality and deny the Certificate of Need permit.

As you undoubtedly have noticed, this has not been made a contested case, despite the long fight to request a CON hearing. One unfortunate factor in this is that our City Mayor unexpectedly stole our neighborhood's NRP (Neighborhood Revitalization Program) Phase II funds right out from under us during this process. Neighborhood organizers and volunteers suddenly were scrambling to prevent this, and both because of the time it took, and the fact that our communities lost our funds, our neighborhood organizations have no budget to commit to intervening in this CON process. Therefore, I kindly submit the following: During the Route Permit Application (PUC Docket No. E002/TL-09-38) process, many citizens, neighborhood organizations, elected officials, and business owners submitted comments testifying to the lack of need for this project, including those upon the scope of the Environmental Impact Statement. **I respectfully petition that comments previously entered pertaining to need be entered into evidence as to the merit of the Certificate of Need permit.**

First, I wish to extend to you my utmost respect for the gravity of the situation being presented here. From a mechanical perspective, I can see why Xcel's engineers suggest the installation of two additional 115kV transmission lines and two new distribution substations. I am sure our community does not want to suffer sudden service interruptions as a consequence of doing nothing. I contest, however, that Xcel's proposal will solve the issues which they propose exist.

My first point of contention with the comments submitted by the OES falls on Page 7, under the section *II. A. Need Analysis, 1. Forecast Analysis a. Accuracy of the Forecast*. Essentially, the OES concludes that because *Xcel, the Applicant, said* that "the area has already experienced historical demand greater than the ability of the infrastructure to reliably provide service (i.e. N-1), therefore, "the accuracy of the forecast of demand is *not relevant*"??? Since when do we get to wave our hands and ignore the law (both MN Rules 7849.0120 A (1) and MN Stat. 216B.243 Subd. 3 (1)). Nothing in these laws says that if the past energy demand exceeds capacity that it suddenly makes the law irrelevant, and the PUC should not condone this specious argument.

One does not have to be a rocket scientist to know that we are in an economic downturn, and the first thing people cut when they can barely afford food and rent is electricity. So, in spite of this, and in spite of the reality of peak oil – whereby costs will become prohibitive not only for people to utilize electricity, but also to transport the coal that we use to generate electricity – we are to assume that past behavior will remain the same even though circumstances have and are changing?

Xcel claims that it is proposing to build the Hiawatha Project as a way to meet increasing demand, but even Xcel notes in their 2010 Annual Report (page ii) that "a sluggish economy and fair weather resulted in lower energy sales". Xcel also states in their 2010 Year End Earnings Report that despite a 3.2% *decrease* in Electric Residential Sales, their "higher 2010 ongoing earnings" are "primarily due to improved electric margins as a result of new rates in various jurisdictions" along with "warmer summer temperatures."

This brings up my first question to you: ***How can Xcel justify having their rates subsidized by increasing our base electric rate WHILE AT THE SAME TIME Xcel asks to build a new project which is supposedly to meet increased demand?*** How can the projected demand be so much if Xcel is getting paid so little for the electricity people are already consuming that it requires a rate increase to cover operating expenses? Xcel seems to think it can continue to rely on rate case settlements to meet their earnings goal. I do not think it is in the best interest of the people of Minnesota to continue subsidizing increased operating costs and a higher cost to transmit energy along long distances, when local, alternative, cost-effective solutions are available to such a dense urban neighborhood, which I will explore later in this reply.

Also, if Xcel really felt this was a problem, I have major concerns that they did not file for the Route Permit Application until 2009. According to their own records, they knew well about the capacity problem in 2002 when this Focused Study Area in South Minneapolis was already above the 75% Utilization rate and had been for more than a year (*see CON: Figure 27: Southtown Transformer Peak Demand % Utilization, Sec. 4.5, pg 53*). They are dealing with large transmission often enough, I find it incredulous that they could think that our energy needs would go down without a major change in circumstances. To be more clear, I think that the PUC must demand a satisfactory answer as to why Xcel took so long to announce this issue (over seven years!), and why they did not bury the line under the Lake Street construction project, when clearly they were involved in the construction and knew about the problem at this time. When Xcel was so committed to studying the energy consumption during this time, why did they not apply for the Route Permit during this construction, instead of waiting seven years to then insist that the City of Minneapolis and its ratepayers bear the cost difference for undergrounding it? This smells fishy to me, and I hope you can see this too. Please consider this as you evaluate the "need" for this project, and how one "rewards" a monopolistic utility company. The PUC should not allow Xcel to treat the citizens of the state of Minnesota this way.

While I applaud Xcel's efforts to reduce toxic emissions such as the conversion of the Riverside plant and their commitment to wind, I am starting to see that these large projects are just tokens that they can point to, saying "See - we did that", without any heart into their ongoing standard operating procedures. **I find it hard to reconcile Xcel's true commitment to Demand Side Management (DSM) and Alternative Energies when at the same time their financial operations are impacted negatively due to mild weather** (*Xcel Energy's 2009 Annual*

Report, pg. 40).

I especially find this difficult having read “Section 5.0 Other Alternatives” in the CON. Reading each section, I felt like I asked my child to finish eating his dinner, and instead of eating, he just moved the pieces around on the plate. I felt even more stunned reading the comments of the OES on Page 8 titled B. Link to Planning Process, 1. Renewable Preference. They state that there are only two statutes that apply to renewable energies – while perhaps an oversight, it is indeed a Minnesota State Statute that we achieve 25% of renewable energy by 2025 (*MN Stat. 41A.11*). The OES Commenter concludes that because the distribution lines will not interconnect any particular generation resource, therefore the renewable preference statutes do not apply? Really? When I read MN Stat. 216B.243 subd 3a, I read the following relevant statement: “The Commission may not issue a certificate of need under this section for a large energy facility ... that transmits electric power generated by means of a nonrenewable energy source, unless the applicant... 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.”

Unless I missed something, I have not yet read any analysis either from Xcel or from the OES that includes the environmental costs, as this law demands.

The State of Minnesota has a wonderful opportunity in front of us – we have a chance to have communities, neighbors, the state, and the utilities to work together to provide real solutions. If not now, then when? I frankly am stunned that Xcel would offer such trite proposals, and that the OES could support them with such hollow arguments. The PUC must admonish Xcel Energy and this blatant disregard for the law they should respect.

In order to effectively assess alternatives, each alternative strategy needs to be evaluated as part of a comprehensive package rather than singly. Xcel blithely suggests that if we look at solar, we can ONLY look at solar. Or since wind only comes at night it’s not possible because their proposal would operate continuously. Not to mention when they evaluate the alternatives, they suddenly calculate to more than twice (120MW) what they claim our current need is, without realizing the benefits of the added generation that exists from such proposals. Why is the additional generated electricity not valued at anything? What about a mixed blend, where solar generates electricity during the day, small-wind turbines operate during the night, and permanent load shifting technologies are employed at the major users such as MGM, Allina, and Wells Fargo? In fact, Xcel did not even *offer* Thermal Energy Storage (TES) or Permanent Load Shifting (PLS) technology as a possibility. I will include a peer-reviewed document from Retrofit Originality Inc. on Thermal Energy Storage attached in my comment. It is tailored and written for the energy crisis in California, but this is written by one of the providers of a real solution offered by the Southern California Edison Power Company (see <http://www.sce.com/pls/permanent-load-shifting.htm>). It makes sense that since the threat to creating a first contingency system is higher during the peak demand of summer’s need for air conditioning, that systems that shift the burden of generation to nighttime is something especially worth considering. Especially when coupled with the fact that it could run off of wind during the night, with solar running the high-efficiency, low-energy fans needed to blow the cool air around the buildings during the day.

When evaluating alternatives, the long term payback and economic impact should be considered rather than just upfront costs. Externalized costs of the project also should be included rather than only monetary costs, including health and environmental implications of the lines, as the law demands in MN Statute 216B.243 subd 3a. Xcel suggests that solar alone is too costly, but doesn’t calculate the increasing cost of petroleum that will soon be ever out of reach to transport the coal to burn directly or even to create nuclear power. When evaluating what’s possible, national best practices, e.g. highly effective case studies, should be used rather than only Xcel’s programs which have relatively low adoption rates.

Another point of contention I have is with the OES’s comments regarding Demand-Side Management presented on Page 9. They present two laws (216B. 243 subd 3 and the same, subd 3(8)), the latter of which states that the Commission shall 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;” and then the OES seems to wave it’s hands again and announce that this means the PUC only has to follow the Rule 7849.0120 A(2), specifically that the Commission only needs to consider “the

effects of the applicant's existing or expected conservation programs and state and federal conservation programs;". My understanding is that PUC needs to follow the law, regardless of whether or not it's presented precisely as a Rule. It should not be allowed to be waved away and ignored.

I also did not see the OES suggest that the Commission should follow MN Rule 7849.0120A(5) by considering "the effect of the proposed facility, or a suitable modification thereof, in making efficient use of resources." In other words, is it really in the best interest of the citizens of the State of Minnesota to keep spending excess amounts of money on imported petroleum in order to transport coal, just so that unknown quantities of electricity can disappear in energy inefficiencies, or would we be better off using our money to weatherize and insulate homes, to install Thermal Energy Storage, etc.?

Lastly, I believe in consideration of this proposal, the PUC must ensure to comply with MN Stat. 216E Subd. 7 (e) "The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons." The Advisory Task Force (ATF), at whose meetings I was present, proposed this as an alternative route (E1) which was redesigned by Xcel as route E2, but dismissed in the Environmental Impact Statement (FEIS Section 7) due to issues with permitting by MN-DOT. Now, I'm not supporting route E2 either (because this project is unnecessary) but I'd like to point out that I should think that if MN-DOT thinks permitting this is too inconvenient, I certainly hope the long-term value of our community is given a higher standard than a *freeway*.

I thank you for your deepest consideration of the thoughts received from the community as to the necessity of this project, and urge you to remember that we are adaptable, we are resilient, and we will solve the challenges ahead of us. We just must remember not to solve them on the backs of others, or by drawing down our future.

Sincerely,

Carrie Anne Johnson
Carrie Anne Johnson
1870 E. 26th St.
Minneapolis, MN 55404