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January 16, 2013

VIA ELECTRONIC FILING

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

Re: Minnesota Power's Petition for Exemption from or
Confirmation of Certain Filing Requirements
Regarding the Great Northern Transmission Line
Docket No. E015/CN-12-1163

Dear Dr. Haar:

Minnesota Power hereby electronically submits its Reply Comments regarding the Great Northern Transmission Line in the above-referenced Docket.

Please contact me at the number above should you have any questions related to this submission.

Yours truly,

David R. Moeller

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Attachments
c: Service List



**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Request by
Minnesota Power for a Certificate of Need
for the Great Northern Transmission Line

Docket No. E015/CN-12-1163

**REPLY COMMENTS ON
EXEMPTION REQUEST**

I. INTRODUCTION

On December 17, 2012, the Department of Commerce, Division of Energy Resources (“Department”) submitted written comments regarding Minnesota Power’s Petition for Exemption from or Confirmation of Certain Filing Requirements (“Exemption Petition”) Regarding the Great Northern Transmission Line (“Project”) Certificate of Need (“CON”) application. Minnesota Power appreciates the Department’s thorough review of the Exemption Petition and, except as noted below, agrees with the Department’s recommendation. As discussed in the Department’s comments, Minnesota Power reaffirms its commitment to provide information that goes beyond the specific CON rule requirements as well as fully develop a record that justifies the need for this Project. Minnesota Power will specifically address the Department’s recommendations that the Minnesota Public Utilities Commission (“Commission”) deny three proposed exemptions.

II. DEPARTMENT RECOMMENDATIONS

A. System-wide data – Minn. Rules 7849.0270, subps. 1 and 2

Minn. Rules 7849.0270, subps. 1 and 2 require extensive information concerning peak demand, annual consumption, weekday load factors, and forecasts for the Project

for the Applicant's entire service area and system. In the Exemption Petition, Minnesota Power asserted that the Project is not being proposed to address peak demand or system capacity issues. However, as noted by the Department, some of Minnesota Power's needs are being driven by industrial load growth on the Iron Range and the Department recommended that Minnesota Power not be exempted from the system-wide data requirements. The Department also stated that if Minnesota Power has alternative data that is more relevant than the required system forecast data that addresses increased industrial load on the Iron Range that the Company should propose to provide that data in reply comments.

Minnesota Power believes the best system data is Minnesota Power's most recent Advanced Forecast Report ("AFR") that was filed in July 2012 pursuant to Minn. Rules 7610. Similar to the requirements in Minn. Rules 7843.0400, subp. 1 for integrated resource plans, Minnesota Power proposes to utilize the most recent AFR to address the requirements in Minn. Rules 7849.0270, subps. 1 and 2. Given Minnesota Power's industrial load concentration, the AFR includes multiple industrial load growth scenarios and Minnesota Power would use the Wholesale and Industrial Customer Addition scenario in the CON. Minnesota Power therefore requests Commission confirmation that the AFR can be utilized as alternative data to address the filing requirements of Minn. Rules 7849.0270, subps. 1 and 2.

B. Customer Class Information – Minn. Rules 7849.0270, subps. 2(B) and 2(C)

For reasons similar to the Department's recommendation about system data, the Department recommended denial of Minnesota Power requests that it be granted an exemption from the rule requirement that an applicant estimate system consumption by

customer class for each of the forecast years. Minnesota Power continues to assert that providing such data is not material to establishing the need for a proposed transmission line, because transmission needs are based on aggregate customer demand regardless of how much any particular class of customer contributes to that demand. The proposed methodology of using historic loading and the system forecast growth rates does not require the breakout of the customers by class.

The Department's believes that, based on Minnesota Power's claimed need of increased industrial load, this exemption should not be granted. As stated above, Minnesota Power can provide AFR data that includes specific industrial load growth scenarios. However, to go beyond the AFR data and provide load information about individual Minnesota Power customer classes for a 500kV/345kV transmission line with an expected transfer capability of 1100 MW will provide at best marginal benefit and does not warrant the substantial effort that would be spent gathering it. *See* Bemidji-Grand Rapids Exemption Order at 5 (DOC Comments); 345 kV Projects Exemption Order at 11; Appleton-Canby Exemption Order at 5; Savanna Order at 3 (DOC Comments).¹ To the extent the Department or other stakeholders have questions regarding Minnesota Power's projected industrial load growth, Minnesota Power can provide such information in this Docket.

C. System Capacity Information Under Minn. Rules 7849.0280.

Minn. Rules 7849.0280 addresses system capacity issues. As the Department recognized, limited portions of the Rules have meaningful application to the Project. The Department recommended that Minnesota Power be exempted from Minn. Rules

¹ The full listings of these orders were provided on pages 2 and 3 of the Exemption Petition.

7849.0280 paragraphs B through G, but not paragraph I due to the discussion about “transfer capabilities.” Minnesota Power agrees with the Department that information related to transfer capabilities of the Project is relevant and will provide such information. Related to other information set forth under Paragraph I, Minnesota Power will provide information about the integrated regional transmission system, including information from MISO on any planned additions and retirements.

III. CONCLUSION

In conclusion, Minnesota Power respectfully requests that the Commission approve the Exemption Petition as modified and clarified by these Reply Comments.

Dated: January 16, 2013

Respectfully submitted,



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STATE OF MINNESOTA)
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COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Kristie Lindstrom of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 16th day of January, 2013, she served Minnesota Power's Reply Comments in Docket No. E015/CN/12-1163 to the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The remaining parties on the attached service list were served as so indicated on the list.

/s/ Kristie Lindstrom

Subscribed and sworn to before
me this 16th day of January, 2013.

/s/ Sheryl A Miskowski

Notary Public - Minnesota
My Commission Expires Jan. 31, 2015

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