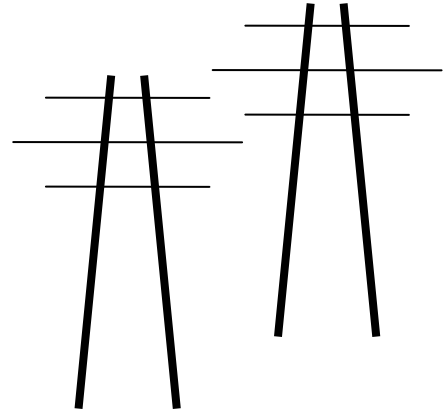


Legalelectric, Inc.

Carol Overland Attorney at Law, MN #254617
Energy Consultant—Transmission, Power Plants, Nuclear Waste
overland@legalelectric.org

1110 West Avenue
Red Wing, Minnesota 55066
612.227.8638

P.O. Box 69
Port Penn, Delaware 19731
302.834.3466



January 16, 2013

Burl Haar, Executive Secretary
Public Utilities Commission
121 – 7th Place East, Suite 350
St. Paul, MN 55101

eFiled and eServed

RE: Exemption Request Comments for Certificate of Need
Great Northern Transmission Line
PUC Docket No.: E015/CN-12-1163

Dear Dr. Haar:

I am sending this Exemption Request Comment, regarding Commerce Comments and MP Reply Comments, as an individual, not representing any party at this time, and am making this comment as one with knowledge of many things electrical including this and other transmission dockets.

The other exemption request that I've deal with involving Minnesota Power was a broad exemption from the requirements of the Power Plant Siting Act, which was exempted and which resulted in unforeseen/untended consequences, a scenario I'd like to see avoided this time around.

This is the first 500kV line to be proposed for Minnesota in decades. A 500 kV line is a very large transmission line with a high capacity and "Extra High Voltage Transmission Line." The Commission should approach this project with more information, not less.

I request that all exemption requests be denied. To the extent that Commerce recommends denial of the exemption requests, I concur with much of the rational of those recommendations. Specific comments are offered below.

Generally, exemptions are problematic because of the vague standard, that exemption **IS** exempted if a request is made and if MP "shows that the data requirement is unnecessary to determine the need for the proposed facility or **MAY** be satisfied by submitting another document. Minn. R. 7849.0200. Commerce too easily waives production of information, and restating that the burden is on the Applicant, that the need to prove "need" will prevail and the

information would have to be produced to demonstrate need. Development of the information in Discovery and consideration of it by the Commission requires that the information be requested, that it be received, and that it be entered in the record. Will that happen? That's an open question.

In the CapX 2020 Certificate of Need case, Applicants argued that they were exempted from providing information in the Application and made it more difficult to obtain this information in Discovery. If any exemption request is granted, there should also be a specific caveat that the company **MUST** provide the information if requested in the proceeding, that exemption of providing the information in the Application is narrow, applicable only to the Application, and not an exemption from provision of the information, inclusion in the record or consideration by the Commission.

Regarding each request, starting with **Minn. R. 7849.0260, Subp. A(3) and C(6)**:

This is a Certificate of Need for a specific line, and the specific line losses are relevant because it is a long transmission which inherently suffers losses. Commerce states that “to make the proper decisions in a societal framework, it is necessary to know what happens to system losses when a line is added,” and then that “[t]o count only the losses on the line in question might lead to the selection of an alternative because of its lower losses in spite of the potentially higher system line losses.” This frames the question as a binary matter, arguing for disclosure of system losses, and not addressing specific line losses of the project proposed. This is not a binary issue, and instead loss information should be inclusive of both specific line losses and system line losses.

Capacity of individual lines (individual line) and transfer capacity (system) is consistently not addressed in Certificate of Need proceedings, specifically the rated capacity of the line (present in MTEP charts, verified by conductor specifications), and projected loading is consistently misrepresented in Applications, testimony and EMF calculations. The full capacity potential of both the individual line and system must be clear.

Provision of both individual and system losses is particularly important because when “system” line losses are considered, the result is a percentage, which may look low, but it is referencing a percentage of the entire Eastern Interconnect, and therefore a low percentage of this massive electrical universe.

Secondly, system line losses don't convey the individual line's part. For example, if line loss is 10% for the individual line, and it has a capacity of 2,500 MVA (as a 500kV line, it would likely have greater capacity), that line loss would be roughly 250MW. This project is stated to be for import of 250MW to Minnesota Power. If so, this is not a logical or efficient way to get the 250MW!

Since the SW Minnesota 345kV need case in 2001-2002¹, which turned on line loss, examination of line loss has shifted to “system” line loss, where it is easier to bury the impact and relative impacts of line loss to capacity and transfers. However, those impacts should be

¹ PUC Docket CN-01-1958.

examined, not buried, and Minnesota Power should be required to produce both individual line loss and system losses. No exemption should be granted.

Minn. R. 7849.0270, Subp. 1 and 2

Commerce's view that MP should provide not only the required information but the proposed alternative data as well. MP argues that because this line is for transfers of power for market, that its own data is not relevant, but as Commerce notes, MP also requests this line for its 250MW "need" and for non-specific potential future need in its service area. Specific low level (substation, feeders) is necessary to gain an understanding of the need for this project. The information provided by Xcel Energy in the Hiawatha Project is a good example of the type of information necessary for the record. MP's system peak demand, annual energy consumption and load factors for the MP system are an important part of this project request, and because MP claims it's for "generator transfer capabilities for MH generation, specific current and projected transfer capability information is necessary as well. There is a long history of utility overstatement of demand, load factors and consumption, particularly obvious after the 2007 economic crash, and it is only recently that utilities have begun to admit the depth and breath of decreased demand. At this time, this information provides a needed look into utility reality. Also important is the big picture, and Discovery, the hearing testimony and exhibits, ALJ Recommendation and Commission Order should specifically address both the demand needs and transfer capability needs, which includes the size, type and timing of "need," i.e., line rating of ___ MW; transfer capacity of ___ MW; 250MW for MP; ___ MW of potential need on Range for MP; ___MW for wholesale in granting a Certificate of Need. This was a significant problem in the SW Minnesota 345kV case and the Capx 2020 case, where high capacity lines were approved without specifics of the purpose intended. No exemption should be granted.

Minn. R. 7849.0270, Subp. 2(B) and 2(C)

Commerce recommends this requested Exemption be denied. The customer class is particularly important because of the historic decline of the high use industrial customers in MP's territory, the potential for growth in this category, and the need for a determination of impact of these factors as a driver for this project. And again, historic utility obfuscation of demand and consumption in the recession adds to the importance of having this information. No exemption should be granted.

Minn. R. 7849.0270, Subp. 2(E)

This is an example of utilities efforts to shift the burden of payment of projects for wholesale transfer to its service territory customers. MP must produce information about the annual revenue requirements but must also show its plans for a MISO cost allocation and return on equity (ROE) tariffs, proposed and/or approved. MISO cost-allocation and ROE tariffs are being challenged at FERC, cost-allocation based on apportionment to areas not receiving benefits, and ROE based on unreasonable rates when compared with prime rate and other measurements of return. The Commission is charged with setting reasonable rates with the ratepayer's interest at the forefront. As with CapX, ownership of this project has yet to be nailed

down and rate impacts by owner then is also not clear, and this should be finalized prior to issuance of a Certificate of Need. No exemption should be granted.

Minn. R. 7849.0270, Subp. 2(F)

Average system weekday load factors are important to determine the height and depth of the peaks and valleys when compared with the capacity – this is one way to determine the potential for wholesale transfers within the valleys when compared with the peak capacity. No exemption should be granted.

Minn. R. 7849.0280, Subp. I

Commerce recommends that an exemption not be granted, and that the Applicant should provide data regarding existing generation and generation additions and retirements. Load and capability information is provided by MP and the other applicants to MRO and NERC, and is easily available. MP is proposing this project, in part claiming a need to facilitate import of 250MW. Load and capability information shows the relation of the 250MW claimed need with the bigger picture of Minn. R. 7849, Subp. I. No exemption should be granted.

Minn. R. 7849.0290

Conservation data is particularly important when considering the potential for high usage industrial customers with inefficient equipment. Providing its conservation information in March 2013 is sufficient, and an exemption is not necessary. Rather than grant an exemption, the Commission should order that the information be provided on March 1, 2013 or with the application, whichever comes first.

Minn. R. 7849.0300 and 7849.0340

This information is important to determine the distinctions between Minnesota and regional need. Commerce argues that, because different information was provided for another docket, that should apply in this case. But the information requested is necessary to address Minnesota and regional needs, transfer requirements, project rating, and proposed transfer capacity increases. No exemption should be granted.

Identity of Applicant and Ownership

MP cites the CapX 2020 CoN docket as precedent for allowing MP to be declared the applicant for this project, despite ownership being yet undetermined. Ownership must also be declared in this Application and in any resulting Commission grant of a Certificate of Need. This is an issue because many Application information requirements are focused on the “Applicant” and the Applicant may not have all information necessary from the other parties, or put another way, information held by other owners may be very relevant to this application and need for the project. Commerce raises the issue of burden of proof, and notes that this should not be viewed as reducing the burden of proof in this proceeding. It should also not be allowed to reduce the burden of production where it is just one Applicant fronting for many other potential or real

owners. The Certificate of Need should not be issued, as it was for CapX, with ownership to be declared at some vague time in the future. An Applicant must be declared, and ownership should also be declared in the Application. If this project is approved by the Commission, ownership should be specified in the Order, and if Applicants wish to change it at some future time, than it should go through the Commission process. Minn. Stat. §216B.50; Minn. R. 7849.0400, Subp. H. No exemption should be granted.

General Observations and Requests

MP should include in the Application and file in the Commission's eDockets system studies produced by the Northern Area Study Technical Review group and Manitoba Hydro Wind Synergy Study, and any and all information regarding imports from Manitoba and effects of imports on associated transmission lines.

MP should include in the Application any other studies upon which this project is based, including MTEP reports and studies.

MP should include in the Application any existing or proposed MISO and FERC tariffs regarding this project.

As suggested by the Commission, MP should file all information in the PPA docket in this docket.

Thank you for the opportunity to submit Exemption Reply Comments.

Very truly yours,



Carol A. Overland
Attorney at Law