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March 3, 2026

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

Re: Reply Comments on Certificate of Need Application Completeness
In the Matter of the Application of Minnesota Power, Great River Energy, and Otter Tail Power Company for a Certificate of Need for the Maple River - Cuyuna 345 kV Transmission Line Project
MPUC Docket No. E015, ET2, E017/CN-25-109

Dear Ms. Bergman:

Minnesota Power, Great River Energy, and Otter Tail Power Company (collectively, the “Applicants”) respectfully submit this reply to the comments submitted in response to the Minnesota Public Utilities Commission’s (“Commission”) Notice of Comment Period on Application Completeness (“Notice”) for the Maple River to Cuyuna 345 kV Transmission Line Project (“Project”) by the Minnesota Department of Commerce, Division of Energy Resources (“DOC-DER”), Commission Energy Infrastructure Permitting Unit (“PUC-EIP”), Midcontinent Independent System Operator (“MISO”), and Donna J. Andersen and Curtis Andersen and Donna’s Acres, LLC (“Andersens”).

On February 9, 2026, the Commission issued the Notice for the Project and included the following topics for comment:

- Does the Certificate of Need Application contain the information required by Minnesota Rule Chapter 7849.0220, subp. 2?
- Are there any contested issues of fact with respect to the representations made in the [Certificate of Need A]pplication?
- Should the Commission stay the Certificate of Need [A]pplication, so that it can be reviewed in a joint proceeding with the route permit application?

- Are there other issues or concerns related to this matter?

On February 24, 2026, DOC-DER, PUC-EIP, MISO, and the Andersens filed comments. No commenter identified any information required under Minn. R. 7849.0220, subp. 2 that was omitted from the Certificate of Need Application.¹ Accordingly, the Applicants respectfully request that the Commission determine that the Certificate of Need Application is substantially complete, stay the Certificate of Need proceeding until the Applicants file the Route Permit Application, order that the Certificate of Need be subject to the Commission's comment and reply process, and grant the variance request to Minnesota Rules 7849.1200 and 7849.1400 as requested by the PUC-EIP.

DOC-DER

The Applicants appreciate DOC-DER's expedient review and verification that all information necessary under Minn. R. 7849.0220, subp. 2 was included in the Certificate of Need Application. DOC-DER recommended that the Commission accept the Certificate of Need Application as substantially complete and that the Certificate of Need proceeding be stayed until the Applicants file the Route Permit Application for the Project.² The DOC-DER also stated that the Commission's process of comments and reply comments will be sufficient to develop and address issues in this proceeding.³ The Applicants support DOC-DER's recommendations, believe that the Commission's comment and reply process will be sufficient to develop the record, and agree with the conclusion that the Certificate of Need Application is substantially complete.

DOC-DER also identified several items for further inquiry during the proposed process.⁴ The Applicants have provided initial responses at **Attachment 1** to this filing. Additional information that DOC-DER may need to evaluate the Project through the proposed process can be addressed during a joint proceeding with the Route Permit Application when that is filed with the Commission, including through Information Requests, as DOC-DER has done in prior Commission Certificate of Need comment and reply proceedings.⁵

¹ The Andersens state: "While the Certificate of Need does arguably contain the information required, due to the exemptions granted by the Commission, much information necessary to determine if the project is indeed needed is not provided." Initial Comments of Donna J. Andersen and Curtis Andersen, et. al. at 4 (Feb. 24, 2026) (eDocket No. [20262-228586-01](#)) ("Andersens Initial Comments"). The Andersens do not identify any information that is required by Minn. R. 7849.0220, subp. 2 for which the Commission did not already grant an exemption.

² DOC-DER Comments at 5-6 (Feb. 24, 2026) (eDocket No. [20262-228585-01](#)).

³ *Id.* at 3.

⁴ *Id.* at 4-5.

⁵ See *In the Matter of the Application of Great River Energy and Minnesota Power for a Route Permit and Certificate of Need for the Northland Reliability Project 345 kV Transmission Line*, Docket Nos. E015, ET2/TL-22-415 and E015, ET2/CN-22-416, Department of Commerce Division of Energy Resources Comments at Attachment 2 (May 24, 2024) (eDocket No. [20245-207084-01](#)).

PUC-EIP

The Applicants appreciate PUC-EIP's review of the Certificate of Need Application. PUC-EIP recommended the Commission accept the Certificate of Need Application as substantially complete and grant a variance to Minnesota Rules 7849.1200 and 7849.1400.⁶ The PUC-EIP reasoned a variance was needed to avoid an excessive burden by requiring the Department of Commerce to perform environmental review activities that the legislature has tasked Commission staff with conducting for large energy infrastructure facilities. Granting such a variance would be consistent with the requirements under Minn. R. 7829.3200, subp. 1. Granting a variance to Minn. R. 7849.1400 would also allow for the Certificate of Need and Route Permit Applications to be reviewed in a joint proceeding, as requested by the Applicants. The requested variance would not adversely affect the public interest – instead promoting efficiency for the agencies and for interested persons to combine review of the Certificate of Need and Route Permit Applications, as opposed to requiring two separate proceedings.

MISO

The Applicants appreciate MISO's review and supportive comments of the Certificate of Need Application. MISO stated that the Certificate of Need Application is accurate and that it contains no contested issues of fact.⁷ MISO supported the Applicants request to stay the Certificate of Need proceeding until the Route Permit Application is filed.⁸ The Applicants appreciate MISO's comments and share its support to stay the Certificate of Need proceeding until the Route Permit Application is filed.

Andersens

The Andersens provided comments regarding potential impacts of the Project on their individual property located within the Notice Area as well as several procedural matters.

First, the Andersens raise several Project routing considerations around their property. Namely, their property borders the Hubbard County Road and Becker County line, borders the southern end of the Lowe State Wildlife Management Area, has two transmission lines at the north and south ends of their property, and has a pipeline that runs to the east of their property.⁹ Should the Andersens' property remain within a proposed or alternative route for the Project, the Applicants believe such considerations can be addressed during the Route Permit proceeding under Minn. Stat. § 216I.05 in

⁶ PUC-EIP Comments on CN Application Completeness at 1-2 (Feb. 24, 2026) (eDocket No. [20262-228531-01](#)).

⁷ Midcontinent Independent System Operator, Inc. Comments at 5 (Feb. 24, 2026) (eDocket No. [20262-228547-01](#)).

⁸ *Id.* at 3.

⁹ Andersens' Initial Comments at 1-4.

Docket No. E015,ET2,E017/TL-25-110 after the Route Permit Application has been filed.¹⁰

Second, although they agree that the Applicants have provided the information required by Minn. Stat. 7849.0220, subp. 2, the Andersens raised several questions as to whether the Applicants have demonstrated the need for the Project and advocate for a contested case proceeding. Specifically, the Andersens claim the Applicants did not demonstrate whether the following items were considered:

- The Project is needed under Minnesota law, beyond the need demonstrated by MISO's Tranche 2.1;¹¹
- The needed capacity of the Project;¹²
- The need and impact of additional voltage;¹³
- The use of existing transmission lines;¹⁴
- Accurate project cost estimates;¹⁵
- Resource planning in Minnesota and North Dakota;¹⁶
- Ratepayer cost impacts;¹⁷ and
- Additional analyses of alternative non-transmission solutions.¹⁸

The Applicants note that the Application includes a discussion of these topics.¹⁹ To the extent that the Andersens believe that additional information is needed, this can be addressed through the comment and reply process recommended by the DOC-DER. Minn. R. 7829.1200 provides that informal proceedings "may be used when contested case proceedings are not required, for example, when: There are no material facts in

¹⁰ The Applicants anticipate filing the Route Permit Application by August 2026.

¹¹ *Id.* at 7.

¹² *Id.* at 8.

¹³ *Id.* at 9.

¹⁴ *Id.* at 4.

¹⁵ Andersens' Initial Comments at 10.

¹⁶ *Id.* at 14.

¹⁷ *Id.* at 15.

¹⁸ *Id.* at 16-20.

¹⁹ *In the Matter of the Application for a Certificate of Need for the Maple River – Cuyuna 345 kV Transmission Line Project*, Docket No. 25-109, APPLICATION AND APPENDICES A THROUGH E at 53-70 (3. Project Purpose and Need: 3.4 Meeting Member and Customer Needs and Enhancing Resiliency); 18 (2.4 Project Costs); 19 (2.4.3 Effect on Rates); 76-85 (4. Alternatives) (Jan. 30, 2026) (eDocket No. [20261-227645-02](https://www.docketmanager.com/documents/view.aspx?documentid=20261-227645-02)).

dispute: . . .” While the Andersens pose several topics for further inquiry in their comments, they have not identified contested issues of material fact under Minnesota law that would benefit from a contested case proceeding. Such inquiry can be made as it has been in prior Certificate of Need proceedings through informal proceedings.²⁰ These informal proceedings will provide a sufficient opportunity for the Andersens to seek, and the Applicants to provide, information on the need for the Project.

Overall, the Andersens claim many facts in the Certificate of Need Application are “contested,”²¹ thereby, justifying the need to refer the matter to the Court of Administrative Hearings for a contested case proceeding.²² However, simply because one party claims a fact is “contested” does not mean there are issues of material fact nor does it mean a contested case proceeding is needed to resolve a fact or issue. The Commission may refer a matter to a contested case if there are “contested material facts and there is a right to a hearing under state or rule” or if the Commission finds “that all significant issues have not been resolved to its satisfaction.”²³ Neither situation applies here. Notably, the Commission has developed the record with detailed analyses of numerous Certificate of Need proceedings for other MISO projects without a contested case proceeding.²⁴ The Andersens’ inquiries can be addressed through an informal proceeding. The Applicants do not support the recommendation to refer the Certificate of Need Application to a contested case proceeding.

Third, the Andersens state that the Notice was a “failure” because landowners did not receive notice from the Commission or the Applicants of the comment period on the Certificate of Need Application’s completeness.²⁵ The Andersens’ claim that the

²⁰ *In the Matter of the Application of Great River Energy and Minnesota Power for a Certificate of Need and Route Permit for an Approximately 180-mile, Double Circuit 345-kV Transmission Line in Itasca, Aitkin, Crow Wing, Morrison, Benton, and Sherburne Counties*, Docket Nos. E015, ET2/TL-22-415 and E015, ET2/CN-22-416, ORDER ACCEPTING APPLICATIONS AS COMPLETE AND ESTABLISHING PROCEDURAL REQUIREMENTS at Order Point 3 (Nov. 15, 2023) (eDocket No. [202311-200529-01](#)); In that docket, the Andersens attorney, Ms. Overland, also requested a contested case for the Northland Reliability Project on behalf of NoCapX 2020 and as an individual, raising many of the same issues there that the Andersens present for the Project. There, the Commission ordered that the record be developed using the Commission’s informal record development process. *Id.* at 3.

²¹ Andersens’ Initial Comments at 7-16.

²² *Id.* at 22.

²³ Minn. R. 7829.1000.

²⁴ See *In the Matter of the Application of Great River Energy and Minnesota Power for a Route Permit and Certificate of Need for the Northland Reliability Project 345 kV Transmission Line*, Docket Nos. E015, ET2/TL-22-415 and E015, ET2/CN-22-416; *In the Matter of the Application for a Route Permit for the Big Stone South to Alexandria 345 kV Transmission Project in West-Central Minnesota*, Docket No. E017, ET10/TL-23-160; *In the Matter of the Application of Xcel Energy for a Certificate of Need and Route Permit for the Mankato – Mississippi 345 kV Transmission Line Project in Southeast Minnesota*, Docket Nos. E002/CN-22-532 and E002/TL-23-157.

²⁵ *Id.* at 20-21.

Commission failed to provide notice of this comment period is not aligned with the notification requirements under Minnesota law.

In their comments, the Andersens recommend the Commission should “obtain the utility landowner list,” send the Notice to that list of landowners, and extend the Notice comment period.²⁶ However, this recommendation is not supported by Minnesota law. Minn. R. 7829.2500, subp. 3 provides that notice of a Certificate of Need filing must be given on an applicable general service list and on persons who were parties to its last general rate case.²⁷ Minnesota law does not require that the Commission provide a copy of the Notice to a landowner list created by either the commenters or the Applicants.

The Applicants followed Minnesota law to provide notice of this Project through the implementation of the Commission-approved Notice Plan and via notice required under Minn. R. 7829.2500, subp. 3 upon filing the Certificate of Need Application.²⁸ The Notice Plan was not implemented until after the DOC-DER reviewed, and the Commission approved, the Notice Plan. The Notice Plan was implemented prior to the Applicants’ filing the Certificate of Need Application and in advance of the Commission issuing the Notice on February 9, 2026.²⁹ The Notice Plan mailing included a detailed overview of the regulatory review process, the regulatory schedule, and specific instructions on how any interested person can subscribe to the Project’s Certificate of Need docket and receive copies of all filed notices, such as the Notice.³⁰

Fourth, the Andersens claim the Project “needs the full attention inherent in an Environmental Impact Statement.”³¹ However, Minnesota law clearly states which type of environmental review is required for a high-voltage transmission line.³² Minn. R. 7849.0230 provides that an environmental report is necessary for a Certificate of Need application. Minn. Stat. §§ 216I.06 and 216I.07 set forth the type of environmental review necessary for a Route Permit application, which is dependent on the scope of the proposed project. Specifically, if a high-voltage transmission line has a capacity in excess of 300 kilovolts, and at least 80 percent of the line distance in Minnesota is located along an existing high-voltage transmission line right-of-way, then the Project will fall under Standard Review and require an environmental assessment.³³ If the Project does not meet this requirement, then it would be reviewed under the Major Review and require an

²⁶ Andersens’ Initial Comments at 21.

²⁷ Minn. R. 7829.2500.

²⁸ Notice Plan Filing (Jan. 23, 2026) (eDocket No. [20261-227314-01](#)); Certificate of Service - Application (Jan. 30, 2026) (eDocket No. [20261-227645-06](#)<https://efiling.web.commerce.state.mn.us/documents/{B0FA0F9C-0000-C739-858A-55930BEE578D}/download?contentSequence=0&rowIndex=19>).

²⁹ The Notice Plan was mailed to landowners on January 5, 2026 and the Commission issued the Notice on Application Completeness on February 9, 2026.

³⁰ Notice Plan Filing at Attachment A, Pages 4 -5 (Jan. 23, 2026) (eDocket No. [20261-227314-01](#)).

³¹ Andersens’ Initial Comments at 21.

³² See Minn. Stat. §§ 216I.06 and 216I.07.

³³ Minn. Stat. § 216I.07, subd. 2(5).

environmental impact statement.³⁴ Despite the Andersens' comments, the joint Certificate of Need and Route Permit proceeding will determine whether an environmental assessment or environmental impact statement is necessary based on Minn. Stat. §§ 216I.06 and 216I.07.

Lastly, the Andersens support a stay of the Certificate of Need Application and a joint proceeding with the Route Permit Application. The Applicants recommended such a stay and joint proceeding for the Certificate of Need and Route Permit to improve regulatory efficiency and reduce public confusion of two different proceedings. The Applicants continue to support staying the Certificate of Need proceeding in favor of a joint proceeding when the Applicants file a Route Permit Application.

Conclusion

The Applicants respectfully request that the Commission:

- Find the Certificate of Need Application to be substantially complete under Minn. R. 7849.0220, subp. 2;
- Determine there are no contested issues of fact with respect to the representations made in the Certificate of Need Application;
- Evaluate the Certificate of Need under the Commission's informal comment and reply process; and
- Stay the Certificate of Need proceeding until the Route Permit Application is filed later in 2026 and evaluate both applications in a joint proceeding.

If you have any questions or need additional information, please contact me at KVerhalen@taftlaw.com or 612.977.8591.

Sincerely,

Taft Stettinius & Hollister LLP



Kodi J. Verhalen

Attachment

cc: Service List

³⁴ Minn. Stat. § 216I.06.

<p>Department of Commerce Question</p>	<p>Applicants' Response</p>
<p>Minn. R. 7849.0260 item B(5)</p> <p>1. The Applicants state that “the Project was studied and approved by MISO as a single circuit 345 kV transmission line, but heavy utilization of the new 345 kV line observed in LRTP study models led MISO to include the following additional requirements in the Project definition.” This includes being designed to be capable of delivering a “surge impedance loading (SIL) of 550 MW, which is higher than the SIL rating of a typical 345 kV structure in Minnesota.”</p> <p>The Applicants should elaborate on why MISO deemed it necessary to increase the SIL impedance on the double circuit capable line yet still approve it to operate as a single circuit. The petition should address the tradeoffs of this approach verses the following:</p> <ul style="list-style-type: none"> A. Single-circuiting the line and following with a double-circuit once approved by MISO and the Commission. B. Double-circuiting the line now and operating it as a double-circuit line with the higher impedance. <p>The Applicants should provide work papers, communications, or collaborations with MISO on this topic.</p>	<p>The basic definition of the Project’s transmission line, as provided by MISO in the MTEP database, is a “345 kV single-circuit transmission line on double-circuit capable structures. . . . The structure design should allow for a Surge Impedance Loading (SIL) on the 345 kV circuit of 550MW or greater.”</p> <p>Under the MISO Tariff, the Applicants are responsible to deliver the Project as it has been defined by MISO, including the scope, schedule, and cost of the Project as approved by the MISO Board of Directors.</p> <p>If the Applicants were to double-circuit the transmission line now and operate it as a double-circuit line, additional scope and cost would be required at the Maple River and Cuyuna substations to add circuit breakers and shunt reactors enabling the connection and operation of the second circuit. The double-circuit transmission line would also be inconsistent with MISO’s definition of the transmission line as a “345 kV single-circuit transmission line on double-circuit capable structures.” The changed scope relative to what MISO approved and possibly the additional cost (if it caused the total Project cost to exceed the 25 percent threshold) would lead to a need for MISO to initiate Variance Analysis under the MISO Tariff.</p> <p>If the Applicants were to single-circuit the transmission line now and follow with a second circuit once approved by MISO and the Commission, assuming this means that the second circuit conductors would be installed at a later date, the SIL rating of the single-circuit transmission line would be inconsistent with MISO’s definition of the transmission line. MISO specifically states in the Facility Description: “The structure design should</p>

Department of Commerce Question	Applicants' Response
	<p>allow for a Surge Impedance Loading (SIL) on the 345 kV circuit of 550 MW or greater.” The SIL rating of the Applicants’ typical 345 kV single pole double circuit structure is approximately 420-430MW, which is 30 percent lower than the MISO-required 550MW SIL rating.¹ The Applicants considered a wide variety of options for meeting the 550 MW SIL rating, including alternative transmission line structure configurations, but were unable to identify a solution for meeting the 550 MW SIL requirement while also ensuring all relevant electrical, civil/structural, constructability, maintainability, and other transmission line design requirements.</p> <p>As a result, the Applicants determined that the best way to meet the MISO project definition was to string the second circuit conductors on the double-circuit capable structures but operate the transmission line initially as a single-circuit 345 kV transmission line. This is a particularly efficient solution in light of future considerations, using the required future optionality to add a second circuit on the transmission line to enable more efficient initial operations as a single transmission line. Unlike an alternative structure configuration with higher SIL rating, which would increase both the initial construction cost and the future cost to transition to double-circuit operation, the Applicants’ proposed solution results in long-term savings of approximately eight percent by shifting some of the future cost to install the second-circuit conductors into the initial scope of the Project, enabling more efficient construction of the transmission line and reduced long-term human and environmental impacts.² When the Applicants discussed this proposed solution with MISO, MISO</p>

¹ See Section 2.2.2.1 of the Application, page 13.

² See Section 2.2.4 of the Application, page 17.

Department of Commerce Question		Applicants' Response										
		<p>agreed that it was the best solution for the Project.</p> <p>The background behind the need for and benefits of a higher SIL rating is discussed in Section 2.2.2.1 of the Application. As discussed in Section 2.2.2.1 of the Application, there are also many factors to be considered in transmission line design, and the establishment of a higher SIL rating must consider many impacts and variables that are outside the scope of MISO's purview. Based on the project definition provided by MISO, it appears that MISO believed a 550 MW SIL rating could be achieved for a single-circuit 345 kV line on double-circuit capable structures with little or no additional cost compared to MISO's standard exploratory cost estimating assumptions. The Applicants' subsequent assessment determined this was not the case when considering all relevant aspects of transmission line design and operation.</p>										
PjID	Facility Type	Expected ISD	From Sub	To Sub	Max kV	Minimum Summer Emergency Facility Rating (Amps)	Minimum Summer Emergency Facility Rating (MVA)	Facility Description	State	Miles Upgrade	Miles New	Estimated Cost
20 LN		6/12/03	Maple River	NDJMN State Line	345	3000	1793	Construct new 345kV single-circuit transmission line on double-circuit capable structures. Note: The structure design should allow for a Surge Impedance Loading (SIL) on the 345kV circuit of 550 MW or greater.	ND	0	6	29,700,000
20 LN		6/12/03	NDJMN State Line	Coyuna	345	3000	1793	Construct new 345kV single-circuit transmission line on double-circuit capable structures. Note: The structure design should allow for a Surge Impedance Loading (SIL) on the 345kV circuit of 550MW or greater.	MN	0	160	856,900,000

2. The Applicants should provide more in-depth cost estimates of building the double circuit line relative to costs of building a double-circuit capable structure with an initial single-circuit and provide quantitative and qualitative reasoning on the cost savings of both approaches.

The Applicants provide discussion of the quantitative and qualitative differences between the configuration of the proposed Project and a configuration implementing a single-circuit configuration (three conductors only) on double-circuit capable structures in Section 2.2.2 and Section 2.2.4 of the Application. It is important to note that the configuration of a single circuit (three conductors only) on double-circuit capable structures would not meet the MISO-required high SIL rating. Therefore, unless an entirely different structure configuration were implemented, this configuration would be inconsistent with the Project definition as approved by the MISO Board of Directors.

The Applicants' estimate of an initial nine percent increase in cost due to the installation of the second circuit conductors is based on a direct comparison of the indicative construction costs for the two structure configurations. The primary difference in this case is the inclusion of three additional sets of insulators, attachment hardware, and conductors (for a total of six phase conductors). In other respects, the transmission line construction costs are practically the same whether there are three conductors or six conductors being installed.

The Applicants' estimate of net long-term cost savings of approximately eight percent due to the installation of the second circuit conductors at the time of initial construction is based on an estimate of the cost to re-mobilize 10 years after initial construction to install the insulators, attachment hardware, and conductors for the second circuit. Installation at a later date is significantly less efficient due to the need to essentially restart the entire engineering, procurement, project management, and construction process. In addition to losing these efficiencies and economies of scale, a second construction event at a later date would cause additional disturbance to landowners and the

Department of Commerce Question	Applicants' Response
<p>Minn. R. 7849.0260 item C(1)</p> <p>1. Can the Applicants provide more details of how the project components cost estimates were calculated and what portion is related to risk reserves?</p>	<p>environmental impacts that can be minimized or avoided by being combined with the initial construction of the transmission line.</p> <p>The Applicants provide discussion on how the project components cost estimates were calculated in Section 2.4.1 of the Application.</p> <p>The updated cost estimate range for the transmission line is based on preliminary engineering of the Project, including the development of preliminary design criteria and structure designs based on similar projects, structure spotting along an indicative route, estimated material quantities and costs from recent experiences, and construction access and labor costs developed with reference to recent and in-progress projects. Updated substation facility costs were developed based on similar preliminary engineering activities, such as the development of a preliminary general arrangement, calculation of material and equipment quantities, and utilization of reference material and labor cost data from recent project experiences.</p> <p>The mid-range cost estimate includes relatively conservative assumptions about line length, routing impacts, and other factors due to the early development stage of the Project but does not include specific risk reserves or contingency. The high-range cost estimate is based on the mid-range cost estimate plus contingency to account for risks and uncertainties.</p>

<p>Department of Commerce Question</p>	<p>Applicants' Response</p>
<p>2. Can the Applicants provide more details of project costs and how they are affected with section 232 tariffs for steel, copper and aluminum, in addition to any other potential cost drivers?</p>	<p>The Applicants' cost estimates are based on preliminary engineering design and recent project experiences. Tariffs under Section 232 and other federal regulations would not be applied to foreign-sourced materials until the time those materials are imported into the United States. For the Project, it will be several years before these activities begin to take place during procurement and construction. Given the early development stage of the Project, the fact that the Applicants have not yet begun procurement activities to identify if and where materials will be sourced from outside the United States, and the significant uncertainties and changing circumstances associated with tariff law in the current federal regulatory environment, it is practically impossible to predict what the applicable tariffs will be at the time of these activities.</p> <p>The Applicants have not yet developed project-specific sourcing principles for the procurement and construction phase of the Project, but sourcing principles for recent similar projects have prioritized the domestic supply chain where commercially reasonable. The Applicants will continue to monitor the potential impact of tariffs on all of their activities, including the Project, and consider this impact in their assessment of risks and cost contingencies for the Project.</p>

3. The original cost estimate approved by MISO for the project was \$907.8 million. The cost estimate was then increased to a range of \$1,108.4 million to \$1,332.8 million. The Applicants should provide further details as to why the cost increased. The Applicants note the project was further developed after MISO approved it. The Applicants should specify which components were added after MISO already approved the project.

The increased cost can be attributed to three distinct factors, described below. It is normal for projects to undergo development when being taken from a concept, as approved by MISO, to an actionable project presented to the state regulatory commission for approval. All of these factors are a result of preliminary routing and engineering activities necessary to begin advancing the Project to a state where it may be implemented. As stated in the Application, an updated and more refined cost estimate range will be provided at the time the Route Permit Application is filed, at which point some of the factors listed below will be understood with greater clarity. Ultimately, the cost estimate cannot be finalized with certainty until the Commission has approved a specific route for the Project.

Indicative Routing Impacts: \$108.5 million (+11.9 percent).

The total length of the Project's transmission line originally assumed by MISO was 166 miles. Based on the Applicants' assessment of potential routing outcomes in Minnesota and North Dakota, the Applicants have used an indicative route with a total line length of 178 miles to develop the initial Certificate of Need cost estimate. The 12-mile difference results in an increase of approximately \$63 million using MISO's original per-mile cost estimate assumptions.

As stated in the Application, the cost estimate presented in the Application is based on indicative routing in Minnesota and North Dakota and includes a budgetary allowance for potential routing challenges requiring significant added line length or modifications to existing transmission lines which may be necessary to facilitate siting of the new 345 kV transmission line. In some cases, such modifications may be necessary to site the Project along existing utility corridors consistent with Minnesota

routing criteria. While the Applicants have not identified a Proposed Route at the time of filing the Application, a budgetary allowance of \$45.5 million for this variable was developed and included based on the Applicants' recent experience and preliminary evaluation of potential routes for the Project. To the extent such modifications to the existing system are included with the Applicants' Proposed Route in the Route Permit Application, the cost of the specific modifications will be identified and will be substituted for the budgetary allowance included in the current cost estimate. The Applicants included this factor for transparency given recent experiences on other Projects.

Transmission Line Design: \$88.6 million (+9.8 percent).

As stated in the Application, the estimated initial cost impact of installing the second circuit conductors on the proposed double-circuit 345 kV transmission line to meet the MISO-specified high SIL requirement is approximately nine percent compared to the Applicants' and MISO's standard cost estimate assumptions for a single circuit 345 kV transmission line on double circuit-capable structures (without stringing the second circuit conductors). While this factor makes up the majority of transmission line design criteria-related cost estimate updates, the Applicants also identified that MISO's per-mile exploratory cost assumption for the short segment of transmission line in North Dakota was notably lower than the per-mile exploratory cost assumption for the transmission line in Minnesota. At this time, the Applicants do not anticipate substantive differences in transmission line design criteria between Minnesota and North Dakota for the Project, and therefore the per-mile cost of the North Dakota segment increased slightly to align with the design criteria and cost assumptions for the Minnesota segment.

Department of Commerce Question	Applicants' Response
	<p>Substation Design: \$4.0 million (+0.4 percent).</p> <p>The cost estimate for the Cuyuna 345 kV Substation expansion increased based on the Applicants' preliminary engineering of the substation modifications necessary to accommodate interconnection of the Project. The Applicants are still investigating the differences between the original MISO exploratory cost assumptions and the Applicants' updated substation cost estimate, which was based on preliminary engineering and recent experience.</p>
<p>4. At the higher \$1,332.8 million cost, does the project still meet the benefit/cost ratio of 1.25?</p>	<p>The LRTP Tranche 2.1 Portfolio as approved by MISO is designed and intended to work as a complementary portfolio of multi-value projects under the MISO Tariff. As a result, the benefit-to-cost evaluation for the portfolio cannot be directly broken down into individual project benefit-to-cost ratios. As stated in the Application, MISO found that the \$21.8 billion portfolio has a benefit-to-cost ratio of 1.8 to 3.5, providing net economic savings of \$23.1 billion to \$72.4 billion over the first 20 years of service.³ Based on MISO's analysis, it may be inferred that the entire portfolio cost could increase by 1.8 to 3.5 times the original MISO-estimated cost before the benefit-to-cost ratio would be less than 1.0 (e.g. before the benefits would no longer outweigh the costs). While this does not directly translate to a standalone benefit-to-cost ratio for the Project, it may be noted that the Applicants' mid-range and high-end cost estimates are 1.22 and 1.46 times the original individual cost of the Project as developed by MISO, which is still well within the overall portfolio benefit-to-cost ratio range.</p>

³ See page 43 of the Application

Department of Commerce Question	Applicants' Response
<p>5. The threshold of triggering a variance analysis at MISO is 25%. The lower end, \$1,108.4 million, would still be within 25%, but the higher end, \$1,332.8 million would not. Are the Applicants aware that the higher cost would trigger a variance analysis?</p>	<p>The Applicants are aware of the MISO Tariff provisions governing variance analysis. The mid-range cost estimate is the Applicants' current cost estimate for the Project, which will be reported to MISO in the next quarterly update. As a result, the variance analysis threshold will not be exceeded at this time.</p> <p>The high-range cost estimate includes contingency for various uncertainties inherent to the early development stage of the Project, including risks and uncertainties associated with the Commission's decision in the Route Permit docket for the Project. While the Applicants may make MISO aware of these uncertainties and their potential cost impacts, the Applicants would not report the high-end cost estimate into the MTEP database. As noted in the Application, the Applicants will continue to refine the Project cost estimate as the Proposed Route is finalized prior to submitting the Route Permit Application and will provide an updated cost range at the time of filing the Application. Ultimately, the cost estimate cannot be finalized with certainty until after the Commission's decision on the Route.</p>
<p>Minn. R. 7849.0260 item C(5)</p> <ol style="list-style-type: none"> 1. Will the project be classified as a retail or a wholesale line for ratemaking purposes? <ol style="list-style-type: none"> a. If retail, can the Applicants commit that all related revenues be included with costs in future cost recovery? b. If wholesale, can the Applicants ensure all costs (besides keeping related revenues) are tracked and paid for by the wholesale? 	<p>Minn. R. 7849.0260(C)(5) and Minn. R. 7849.0270, Subp. 2(E) require a Certificate of Need Application to include information on the potential retail rate and revenue requirement impacts of the Project. The Applicants' assessment of cost recovery and rate impacts is provided in Section 2.4.3 of the Application. The assessment varies for each of the Applicants based on the unique structure and needs of each organization. Ultimately, the cost recovery method for the Project will be determined at the appropriate time in a transmission cost recovery proceeding after the Commission's decision on the Certificate of Need.</p>