

Maximizing the Benefits of Transmission Infrastructure Development Through Local Construction Hiring: PowerOn Midwest Case Study

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Local Jobs
NORTH DAKOTA MINNESOTA

Executive Summary

The proposed PowerOn Midwest Project represents one of the largest investments in Minnesota's electric transmission system in decades. The Certificate of Need application describes approximately 271 miles of new 765 kV transmission facilities across southern Minnesota, 69 miles of new 345 kV second-circuit facilities, and major substation expansions.¹ The Applicant estimates that the project will cost approximately \$3.3 - \$4.3 billion. Additionally, the project is projected to generate approximately 650 construction jobs.² The Applicants also state that applicable construction positions will be paid no less than Minnesota prevailing wage rates.³

Construction employment is not the only benefit of transmission development, but it is among the most immediate and visible benefits for Minnesota workers and host communities. A project of this scale can generate family-supporting construction careers, substantial health and retirement contributions, and millions of dollars in spending by workers and their families. The size of that local benefit depends in part on the degree to which Minnesota workers perform the construction work.

To estimate the potential construction-payroll benefits of PowerOn Midwest, this draft analysis replicates the methodology used in the 2025 Benton Solar case study while adapting the wage assumptions to the construction of large high-voltage transmission facilities. The model uses estimates of the craft mix based on the Manitoba Hydro's Bipole III transmission project as a benchmark and applies Minnesota Highway/Heavy prevailing wage rates for Regions 6 through 10, which collectively cover every county in the PowerOn Midwest Project Study Area.⁴ These findings are preliminary based on summary information contained in the application and will be updated throughout this proceeding as more detailed information becomes available.

Key findings:

- I estimate a local construction worker will earn approximately \$77,000 in wages and \$37,000 in fringe-benefit contributions over the course of the project.
- A local construction worker will generate approximately \$72,000 in near-term local spending, compared with approximately \$15,600 for a traveling worker whose spending will be largely limited to their per diem. Thus, a local worker will contribute approximately \$56,000 more to the local economy than a non-local worker.
- Based on job totals provided by the applicants, I estimate that a 70% local workforce will generate approximately \$36 million in near-term local economic activity.

¹ Great River Energy, ITC Midwest LLC, and Xcel Energy, Joint Application to the Minnesota Public Utilities Commission for a Certificate of Need for PowerOn Midwest, MPUC Docket No. E002, ET2.

² *Ibid.*, 46.

³ *Ibid.*, 37.

⁴ Minnesota Department of Labor and Industry, Highway and Heavy prevailing wage determinations for Regions 6, 7, 8, 9, and 10, effective November 3, 2025, with later listed increases used where effective by August 12, 2026. The application does not specify a craft mix, but wage and benefit rates are relatively consistent across crafts whose skills align with common scopes of work on a large transmission project, and therefore has little impact on projected economic outputs.

- Further, the difference between a 70% local workforce and a 30% local workforce is approximately \$25 million in near-term economic activity and approximately \$33 million when the long-term value of deferred fringe benefits is included.
- Based on productive conversations with the project applicants, I expect that this project will maximize local employment opportunities.

Economic Impact of Local Construction Hiring on PowerOn Midwest

Wages and Benefits

The creation of construction jobs is not the only local benefit of major transmission development, but it is among the most significant direct economic benefits generated during construction. Transmission construction requires a highly skilled workforce and can provide middle-class wages, health coverage, retirement benefits, training contributions, and other fringe benefits.

PowerOn Midwest will span a broad area of southern Minnesota. The Project Study Area identified in the Certificate of Need application includes all or portions of 19 counties. Those counties fall entirely within Minnesota Highway/Heavy prevailing wage Regions 6, 7, 8, 9, and 10.⁵ Rather than selecting a single prevailing wage region, as I have in past analysis, this draft uses an average transmission wage for various crafts that could work on a transmission projects and average wages for those crafts across five prevailing wage regions.

The key crafts were identified based on actual transmission-line construction employment on a comparable example project, Manitoba Hydro's Bipole III. Bipole III included approximately 1,400 kilometers of new ± 500 kV high-voltage direct-current transmission line as well as converter-station facilities. Manitoba Hydro tracked 5,892 transmission-line hires and published detailed counts by job classification.⁶ For the wage model, I use the identifiable construction classifications that have reasonably comparable Minnesota Highway/Heavy classifications.

This is a workforce-composition estimate rather than a claim that PowerOn Midwest will use exactly the same labor-hour distribution. Bipole III used hires rather than hours by craft, and the project differs both on technical terms and in legal context as a Canadian project from PowerOn Midwest. Nevertheless, the data provides a good foundational estimate of the share of work by crafts.

Table 1 - Prevailing Wage Rates

Prevailing wage region	Average wage	Average fringe	Straight-time compensation
6	\$44.83	\$25.96	\$70.79

⁵ Prevailing wage regions: <https://secure.doli.state.mn.us/prevwage/highway.php>.

⁶ Manitoba Hydro, Bipole III Transmission Project Socio-Economic Monitoring Program Summary Report for Construction, 2014–2018. Tables 6-1, 6-5, 6-15, and 6-17.

7	\$42.75	\$23.65	\$66.40
8	\$45.89	\$24.49	\$70.38
9	\$51.79	\$29.00	\$80.79
10	\$34.84	\$21.15	\$55.99
Combined average	\$44.02	\$24.85	\$68.87

Based on the averages across crafts and prevailing wage regions, I estimate a combined hourly wage of \$44 with an hourly overtime rate of approximately \$66. Replicating the employment expectations from past reports on major energy infrastructure projects, I assume most workers will work 1,000 straight-time hours and 500 overtime hours over the course of the average “job” as they are identified in the application. This equates to approximately \$77,000 in wage earnings over a 1,500-hour worker-equivalent. At an average fringe rate of \$24.85, the same job-equivalent generates approximately \$37,275 in fringe-benefit contributions.

Spending Patterns of Local and Non-Local Workers

As in past analysis, local and non-local workers are assumed to perform similar work and receive the same hourly wages and benefits. A non-local worker is defined for modeling purposes as a worker who does not maintain a permanent residence within daily commuting distance and who therefore receives temporary lodging and meal support through per diem. The draft uses a field-informed assumption of \$100 per working day, six days per week for 26 weeks, for a total of \$15,600. The model also retains past assumptions for effective federal, FICA, and Minnesota income-tax rates, a 3.9% savings rate, and an assumption that 95% of post-tax, post-savings income available to a local worker is spent in the local or regional economy. One-half of fringe contributions are treated as near-term benefits and one-half as deferred retirement benefits - future healthcare and retirement spending.

Table 2 - Income Factors

Worker-level Income Factors	Local worker	Non-local worker
Wages	\$77,035	\$77,035
Per diem	\$0	\$15,600
Total fringe contributions	\$37,275	\$37,275
Current fringe used in near-term model	\$18,637	\$18,637
Near-term local spending	\$71,985	\$15,600
Difference in near-term local spending	\$56,386	—

Under these assumptions, a local transmission worker will contribute approximately \$71,985 in near-term local spending, compared with approximately \$15,600 for a traveling worker. The estimated difference is approximately \$56,386 per worker. This difference represents additional economic activity available to support local spending on items like groceries, health care, and other economic activity in Minnesota communities.

Project-Level Local Economic Impact

The Applicant estimates that approximately 650 personnel may be needed for construction.⁷ Because the application does not provide total project labor hours, the following table treats 650 personnel as 650 worker-equivalents at 1,500 hours each. The results provide a standardized scenario that demonstrates the magnitude of local-hiring effects rather than as a final forecast of total construction payroll.

Table 3 - Project Level Impacts

Local workforce share	Direct local spending	Economic impact w/ multiplier	Impact incl. deferred fringe
100%	\$46,790,657	\$81,308,125	\$101,306,717
70%	\$35,795,460	\$62,201,771	\$76,200,786
50%	\$28,465,329	\$49,464,202	\$59,463,498
30%	\$21,135,197	\$36,726,632	\$42,726,210
10%	\$13,805,066	\$23,989,063	\$25,988,922
0%	\$10,140,000	\$17,620,278	\$17,620,278

Using the same 1.7377 earnings multiplier applied in past analysis including *Catching the Wind*, the 70% local scenario generates approximately \$62.2 million in near-term economic activity, while the 30% local scenario generates approximately \$36.7 million.⁸ The difference is approximately \$25.5 million. When deferred fringe benefits are included, the difference grows to approximately \$33.4 million.

These estimates illustrate the gravity of impact local hiring decisions can have on economic benefits of a major infrastructure investment like the PowerUp project.

A Majority-Local Workforce Is Achievable

The value of the local-hiring scenarios depends on whether a majority-local construction workforce is realistic for major transmission construction. Available evidence indicates that it is. Past large energy infrastructure projects in central and southern Minnesota clearly demonstrate that strong majorities of local workers are achievable.

⁷ Great River Energy, ITC Midwest LLC, and Xcel Energy, Joint Application to the Minnesota Public Utilities Commission for a Certificate of Need for PowerOn Midwest, MPUC Docket No. E002, ET2, ET6675/CN-25-117, February 3, 2026. Project scope, cost, study area, construction procedures, early estimate of approximately 650 construction personnel, and prevailing wage commitment.

⁸ Katie Hatt and Lucas Franco, *Catching the Wind: The Impact of Local vs. Non-Local Hiring Practices on Construction of Minnesota Wind Farms* (North Star Policy Institute, 2018).

For example, workforce data for Sherco Solar 1 and 2 show that approximately 85.2% of construction hours were performed by Minnesota residents. Further, many additional wind and solar projects in Minnesota have achieved strong majorities of local workers including Louise Solar, Nobles 2 wind farm, Mower Wind, Buffalo Ridge Wind and Walleye Wind.⁹

Table 4 - Local Hire Examples

Project	Type	Location	Local Workforce %
Louise Solar	Solar	Mower County, MN	92.00%
Sherco Solar	Solar	Sherburne County, MN	84.30%
Nobles 2	Wind	Nobles County, MN	74.90%
Zephyr Wind	Wind	Lincoln County, MN	43.40%
Mower Wind	Wind	Mower County, MN	76.20%
Buffalo Ridge	Wind	Lincoln/Pipe stone County area, MN	39.90%
Walleye Wind	Wind	Rock County, MN	78.30%

Solar and wind construction differs from transmission construction, but the experience on these projects demonstrates the ability of Minnesota's skilled-trades to mobilize large numbers of local workers for major energy projects.

The Positive Impact of Partnering with Minnesota's Skilled Trades

Large transmission projects require more than a large number of workers; they require workers with specialized training who can safely perform complex tasks across hundreds of miles of construction. The PowerOn Midwest application describes the use of cranes, backhoes, digger-derrick line trucks, drill rigs, dump trucks, front-end loaders, bucket trucks, bulldozers, flatbed tractor-trailers, concrete trucks, helicopters, and other specialized equipment. It also describes foundation excavation, reinforcing-steel and anchor-bolt installation, concrete placement, structure assembly and erection, installation of insulators

⁹ Combined data from workforce filings on this projects can be found in the following: Lucas Franco, *Maximizing the Benefits of Renewable Energy Development Through Local Construction Hiring: Benton Solar Case Study*, Direct Testimony of Lucas Franco, Attachment A, Minnesota Public Utilities Commission (July 2025).

and hardware, and conductor and shield-wire stringing.¹⁰ Unions representing linemen and Building Trades maintain hiring halls, apprenticeship programs, and training designed to supply workers that are well trained to carry out these complex tasks.

Conclusion

PowerOn Midwest has the potential to deliver substantial construction-phase economic benefits to Minnesota in addition to the reliability and system benefits described by the Applicant. The project will require a large and highly skilled construction workforce. The Laborers Union, and other Building Trades Partners, look forward to partnering with the developer to deliver a quality project, while maximizing local family-sustaining job opportunities.

Thanks to close communication and engagement with the project developer, I expect this project to deliver substantial local benefits. that a local worker employed for a standardized 1,500-hour construction period would generate approximately \$56,000 more near-term local spending than a similarly compensated traveling worker.

¹⁰ Great River Energy, ITC Midwest LLC, and Xcel Energy, Joint Application to the Minnesota Public Utilities Commission for a Certificate of Need for PowerOn Midwest, MPUC Docket No. E002, ET2, ET6675/CN-25-117, February 3, 2026.