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RECEIVED

June 2, 2008

JUN 02 2008

PUBLIC SERVICE COMMISSION

Ilna A. Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard; Dept. 408
Bismarck, ND 58505-0480

Re: *Submission of Supplement to Late-Filed Exhibit 1
Pillsbury-Fargo Generation Outlet Project
Case Number PU-08-48*

Dear Ms. Jeffcoat-Sacco:

With this letter, Minnkota Power Cooperative, Inc. submits its Supplement to Late-Filed Exhibit 1 in Case Number PU-08-48.

Pursuant to § 49-22-08 of the North Dakota Century Code, the Energy Conversion and Transmission Facility Siting Act, and rules promulgated thereunder, enclosed for filing please find:

- 1. Original and ten (10) copies of Supplement to Late-Filed Exhibit 1

Should you have any questions with respect to this filing, please contact me.

Very truly yours,

PEARCE & DURICK

By

Jerome C. Kettleson
Phone: (701) 333-0104

JCK/ef
Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

APPLICATION TO THE NORTH DAKOTA)
PUBLIC SERVICE COMMISSION FOR A)
WAIVER OF PROCEDURES AND TIMELINES,)
AND CONSOLIDATED CERTIFICATE OF)
CORRIDOR COMPATABILITY AND ROUTE)
PERMIT, PILLSBURY-FARGO GENERATION)
OUTLET PROJECT)

Docket No. PU-08-48

AFFIDAVIT OF SERVICE

STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

Belinda Dickson, being first duly sworn on oath, does depose and say: That she is over the age of eighteen years, and not a party to the above-entitled matter;

That on the 2nd day of June, 2008, this affiant served a true and correct copy of the following documents in the above-captioned action:

1. Supplement to Late-Filed Exhibit 1

That copies of the above document were enclosed and secured in an envelope and addressed as follows:

Public Service Commission
State Capitol Building
600 E. Boulevard Avenue; Dept. 408
Bismarck, ND 58505-0480

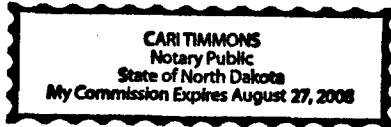
Hand-Delivered – Original and 10 Copies

To the best of affiant's knowledge, information and belief, such address as given above was the actual post office address of the party intended to be so served.

That the above documents were duly served in accordance with the provisions of the North Dakota Rules of Civil Procedure.


Belinda Dickson
Belinda Dickson

Subscribed and sworn to before me this 2nd day of June, 2008.



Cari Timmons
Notary Public



Your Touchstone Energy® Partner 

LATE FILED EXHIBIT 1 SUPPLEMENT

1, Scheduled outage on Minnkota's 345 kV line which parallels the Generation Outlet in Reed Township, Cass County, ND is June 6-12, 2008; the fall scheduled outage is September 12-14, 2008. The only other scheduled outage in 2008 is in December.

2. DISCUSSION OF REED SECTION 7 ALTERNATIVES

This document supplements Late-filed Exhibit 1 by providing additional explanation and a more-detailed breakdown of cost concerning Section 7 in Reed Township – being previously named Discussion #1 in Late-filed Exhibit 1.

Background Discussion

At the hearing, a question from the Commission was posed as to a cost estimate to double circuit the transmission line for the one (1) mile through Reed Township Section 7 as required by Reed Township's Conditional Use Permit. This will require taking the 345kV line out of service, installing seven (7) yet to be designed double circuit structures including footings, and the re-building on one structure of the 345kV line and the proposed 230kV line.

Additional detail as to the Cost Estimates

(1)	7 double circuit 345/230 structures to replace existing 345kV structures and add 230kV circuit	\$1.2M
(2)	Replacement power for 345kV outage	\$24M

- This estimate is based upon Minnkota's replacement power costs at the current, unplanned rate that presently is between a range of \$80-110/MW. Minnkota notes that planned outages have been completed with replacement power for \$65/MW and indeed some savings in energy rate may be realized in a project such as this depending upon the precise timing of the necessary outage(s). Unpredictable factors such as limitations being experienced by other regional generators at the particular time of a planned outage can also substantially impact total replacement power costs.

- An estimate of a four (4) week construction scheduled was obtained from the contractor presently engaged by Minnkota for construction of the proposed project. (Please see "Construction Possibilities" discussion below.)
- Calculation: $\$90/\text{MW} \times 400\text{MW (normal load)} \times 24/\text{hrs/day} \times 7 \text{ days/week} \times 4 \text{ weeks} = \24.2M

The use of 400 MW for load in this calculation is "worst case" in that it represents the full output of the Coyote Station. Depending upon conditions within the regional transmission system at the time of the outage and also upon the willingness of other generators such as Western Area Power Administration and Basin Electric Cooperative, Coyote's generation output might be maintained at 200 MW with delivery being accomplished via a 115 kV transmission line from the facility. Given that the instant project and outage would be regarded a non-emergent, system improvement, other regional generators may not be as amenable to accommodating any Coyote generation in the absence of the 345 kV line.

(3)	Incremental construction costs for double circuit	\$330k
(4)	Cancellation costs for H-frame structures on order - Material is already ordered and would not be used	\$1.4M
	Total Double Circuit Estimated Cost	\$26.9M

CONSTRUCTION POSSIBILITIES

A. Work in normal progression

Description

- Taking the existing 345kV transmission line out of service, removing existing structures, conductor, assemblies, etc.
- Setting foundations for new double circuit structures and allowing adequate concrete set and cure time prior to the setting of structures and stringing of conductor.
- Erecting assembled and framed transmission structures on adequately cured foundations
- Stringing conductor and OPGW shield wire on the structures.
- Energizing circuits.

Time Estimate: 4 weeks (\$24M)

Items to Consider

- The preferred method of performing transmission line construction allows for working items in parallel with other components of the overall line.
- Significant increases in worker safety are obtained when there is no energized line in close proximity to heavy construction activities.
- This approach allows for the use of the current easement foot print of existing 345kV transmission line. Nevertheless, due to the terms of the existing easements, new

easements will need to be obtained to accommodate the double circuited line and structures. As discussed below, easements for the Reed Township double-circuit do not appear to be forthcoming.

- This approach allows for an increased likelihood for the project's completion within 2008 time frame.
- Factoring in the cost of materials, construction, and replacement power results in an increase in overall project costs of 175% (\$36M to \$63M).

B. Construct in two, separate outage segments

Description

- Taking the existing 345kV transmission line out of service in order to drill, set, and pour foundations (7-10 days).
- Energizing the existing 345kV line during concrete foundation cure time
- Taking the existing 345kV transmission line out of service again for construction of double circuits.
- Erecting assembled and framed transmission structures upon the cured foundations.
- Stringing conductor and OPGW shield wire on the structures.
- Energizing circuits.

Time Estimate: 1st outage – 7-10 days (\$6M - \$8.6M)

2nd outage – 2 weeks (\$12.1M)

Items to Consider

- Dual outages will have to be properly scheduled and timed such that there is enough time to allow for adequate concrete cure between outages.
- Outages are required to drill, set, and pour foundations as equipment needed cannot get or work underneath energized 345kV due to potential clearance violations.
- Double circuit structures in Section 7, with the relatively long span length will require substantial foundation work for each structure. It is worthwhile to note that adding foundations for each structure will reduce available land use based on larger foot print as compared to the direct embedded structure proposed as part of Minnkota's original design.
- With this approach, Minnkota cannot make use of the existing June 6-12 Coyote outage time frame as it is too close to complete the design, engineering, procurement and material delivery.

C. Construct a new and separate double circuit line then 'cut over' and remove original 345 kV line

Description

- Obtain new easements from landowners for a 2nd line in close proximity to the existing 345kV transmission line.

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230kV Wind Generation Tie

- Take the existing 345kV transmission line out of service in order to drill, set, and pour foundations (7-10 days) for new dead end structures to facilitate the necessary angle over to a new line.
- Build a new double circuit 345/230 transmission line.
- Take outage on the existing 345kV transmission line to replace structures (dead ends to make angle to new line) and perform cut-over (7 days).

Time Estimate: 1st outage – 7-10 days (\$6M - \$8.6M)

2nd outage – 7 days (\$6M)

Items to Consider

- New easements will be required from land owners.
- Will require additional 345kV dead end structures to be designed and procured in order to change alignment of existing 345kV, which would then be required to make a 'jog' in the middle of land owner farm land.
- Farming activities will become more difficult with an uneven line alignment of 345/230 double circuit line.

SEQUENCE LEADING TO ISSUANCE OF THE REED TOWNSHIP CONDITIONAL USE PERMIT

For this proposed new 230kV line, only the township board has jurisdiction over Section 7 of Reed Township. Acting pursuant to the request of one property owner, the township imposed the single structure double circuit condition for Section 7. All other property owners in the Section 7 had already signed options for easements prior to Minnkota's determination that a double circuit was required over the Sheyenne River. It is important to note that the landowner that is opposed to the two lines on separate structures in Section 7 of Reed Township also owns the first piece of property in Raymond Township where the Raymond Township supervisors gave Minnkota a Conditional Use Permit that dictated that the structures of the two separate lines have to be placed 140 feet apart.

Minnkota has made several good faith attempts to satisfy the landowner in Section 7, including an offer to buy all of the property. Despite these efforts, the landowner has only indicated that Minnkota move the line to another location.

During the last communication on May 20, 2008 Minnkota's lawyer, Kris Svingen, contacted Mr. Bob Hoy, counsel for the opposing landowner in Section 7 of Reed Township. Mr. Hoy indicated that his client was not satisfied with the double circuit.

The Reed Township supervisors felt there was value to the landowner and the landowner is not satisfied with the results of two separate structures for the two lines or the two lines on set of structures.

CONCERNS

Minnkota's concern regarding the Reed Township conditional use permit speaks to concerns that all utilities have: in allowing a township to impose a condition such as this on a utility, the Commission will have placed an impractical and potentially unbearable burden on utilities trying to carry out the much needed expansion of the transmission system. If Reed Township's condition stands, one that is based upon the wishes of one landowner, certainly other townships might legitimately desire to impose their own conditions on this or future projects? Utilities and the customers they serve could easily be faced with increased costs to satisfy a few landowners.

By allowing a precedent that could lead to townships believing that they have the right to 're-design' layout and transmission lines, rather than make good faith efforts to work with companies on the proper and prudent placement of transmission lines, can very quickly lead to transmission lines becoming far more costly because of the added complexity of design and similarity of structures and other procured materials.

In this case, in general there will be an increase of approximately 175% (from \$36M to around \$58M – \$63M) for the sake of a condition that impacts only a single land owner. In addition, barring any changes that may occur in Raymond Township, this same land owner would have double circuit on the eastern portion of their land (in Reed Township), then converting over and have two single circuits on the western portion of their land (Raymond Township) with a transition point near the middle, which would make farming activities even more difficult.

In the design and land management activities for this proposed project, numerous efforts have been made to work with the single land owner that this discussion is addressing, and have been to no avail. At this point it has been confirmed that a double circuit option would not satisfy this single land owner.

At this point in time there is no justification, from an engineering, operations, or financial perspective, to incur large additional costs to the project and impacts to other land owners along the proposed route based on a single land owner who will not approve of the options even if the double circuiting concessions were to be made. The risk of setting a potentially dangerous precedence also is worthy of serious consideration, and makes double circuit options in this case unreasonable.