

March 3, 2008

Ms. Illona A. Jeffcoat-Sacco  
Executive Director  
North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480

**RE: Letter of Intent to submit application for a Certificate of Corridor Compatibility and a Route Permit for a 230 kV transmission line associated with M-Power, LLC's Luverne Wind Farm, and Request for Waiver of One-Year Notice Period**

Dear Ms. Jeffcoat-Sacco:

M-Power, LLC ("M-Power"), a North Dakota limited liability company, is filing this Letter of Intent ("LOI") to submit an application for a Certificate of Corridor Compatibility and Route Permit for a 230 kV transmission line pursuant to Chapter 49-22 of the North Dakota Century Code and Article 69-06 of the North Dakota Administrative Code. The proposed 230 kV transmission line will transport energy from M-Power's Luverne Wind Farm, a 150 MW project that M-Power intends to construct along the border of Griggs and Steele Counties, North Dakota, to a proposed substation to be constructed by Otter Tail Power Company ("Otter Tail") and Minnkota Power Cooperative, Inc. ("Minnkota") northwest of Pillsbury in Barnes County, North Dakota.

M-Power submitted a letter of intent for the Luverne Wind Farm on January 16, 2008 and a supplement to its letter of intent on January 18, 2008. Otter Tail filed a letter of intent on behalf of itself and Minnkota for the proposed substation and related 60-mile 230 kV transmission line on February 5, 2008.

M-Power's proposed 13-mile 230 kV transmission line is an integral part of M-Power's Luverne Wind Farm. The Luverne Wind Farm is structured as a community wind project, meaning that local landowners and members of the community have the opportunity to become members of M-Power and participate in ownership and decision-making. With respect to the right-of-way for the proposed 13-mile 230 kV transmission line, M-Power plans to acquire easements from those landowners within the transmission line route ultimately approved by the North Dakota Public Service Commission ("Commission").

### **Waiver Request**

M-Power requests a waiver from Section 69-06-03-01 of the North Dakota Administrative Code, which establishes a one-year notice period between filing the LOI and filing the application for a Certificate of Corridor Compatibility and a Route Permit. Pursuant to Section 69-06-03-01, the Commission may approve a shorter notice period.

M-Power's request for a waiver is tied directly to the federal production tax credit ("PTC") legislation, which is a key incentive for the production of wind energy. M-Power originally planned to have its Luverne Wind Farm operational by late 2009 or early 2010. However, the PTC is currently set to expire on December 31, 2008 and, without the PTC, the Luverne Wind Farm would not be a viable project. Given the uncertainty regarding an extension of the PTC, M-Power now contemplates a construction and commercial operation schedule that would allow the Luverne Wind Farm to qualify for the PTC prior to its expiration on December 31, 2008. The transmission line that M-Power plans to construct will connect M-Power's Luverne Wind Farm to the grid and, thus, allow the wind turbines located at the Luverne Wind Farm to become eligible for the PTC.

As required by Section 69-06-03-02 of the North Dakota Administrative Code, M-Power provides the following information regarding the proposed transmission line:

### **Size and Type of Facility**

The proposed overhead transmission line will be a 230 kV line, and will utilize wood "H" frame poles. The length of the line will be approximately 13 miles.

### **Area to be Served**

The Luverne Wind Farm will consist of two phases, although both phases are contiguous and will be developed concurrently. The larger phase is 100 MW and will be owned by M-Power, with the generation sold to a regional utility under a Power Purchase Agreement ("PPA"). The second phase, consisting of 50 MW, will be sold to a regional utility at the time that portion of the project is ready for construction. The purchasing utility will build, own and operate the "Construction Ready" Project. The specific areas to be served by the PPA Project and the "Construction Ready" Project have not yet been designated. Delineation of the respective owners' shares of the overall project footprint is contingent upon the specification of the turbines to be used and siting constraints, both of which are yet to be determined.

The proposed 13-mile 230 kV transmission line will connect both phases of the Luverne Wind Farm to a proposed substation northwest of Pillsbury, North Dakota. The proposed substation will be owned and constructed by Otter Tail and Minnkota.

**Map of the Study Area for the Proposed Corridor**

Attached is a map that outlines the proposed study area for the transmission line corridor.

**Anticipated Construction and Operation Schedule**

M-Power intends to have the Luverne Wind Farm commercially operational no later than December 31, 2008 to ensure that it is eligible to receive the PTC. To meet the December 31, 2008 deadline, M-Power proposes to develop the transmission line on the following schedule:

**April/May** – File a combined application with the Commission for a Certificate of Corridor Compatibility and Route Permit. In addition, M-Power will file an application for a conditional use permit with Barnes County for the transmission line.

**June** – The Commission and Barnes County grant appropriate certificates and permits for the transmission line.

**July/August** – Begin construction of the transmission line.


**September/October** – Complete construction of the transmission line.

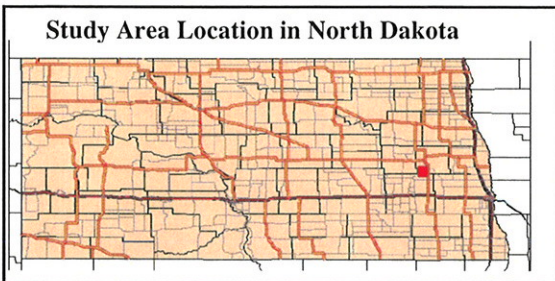
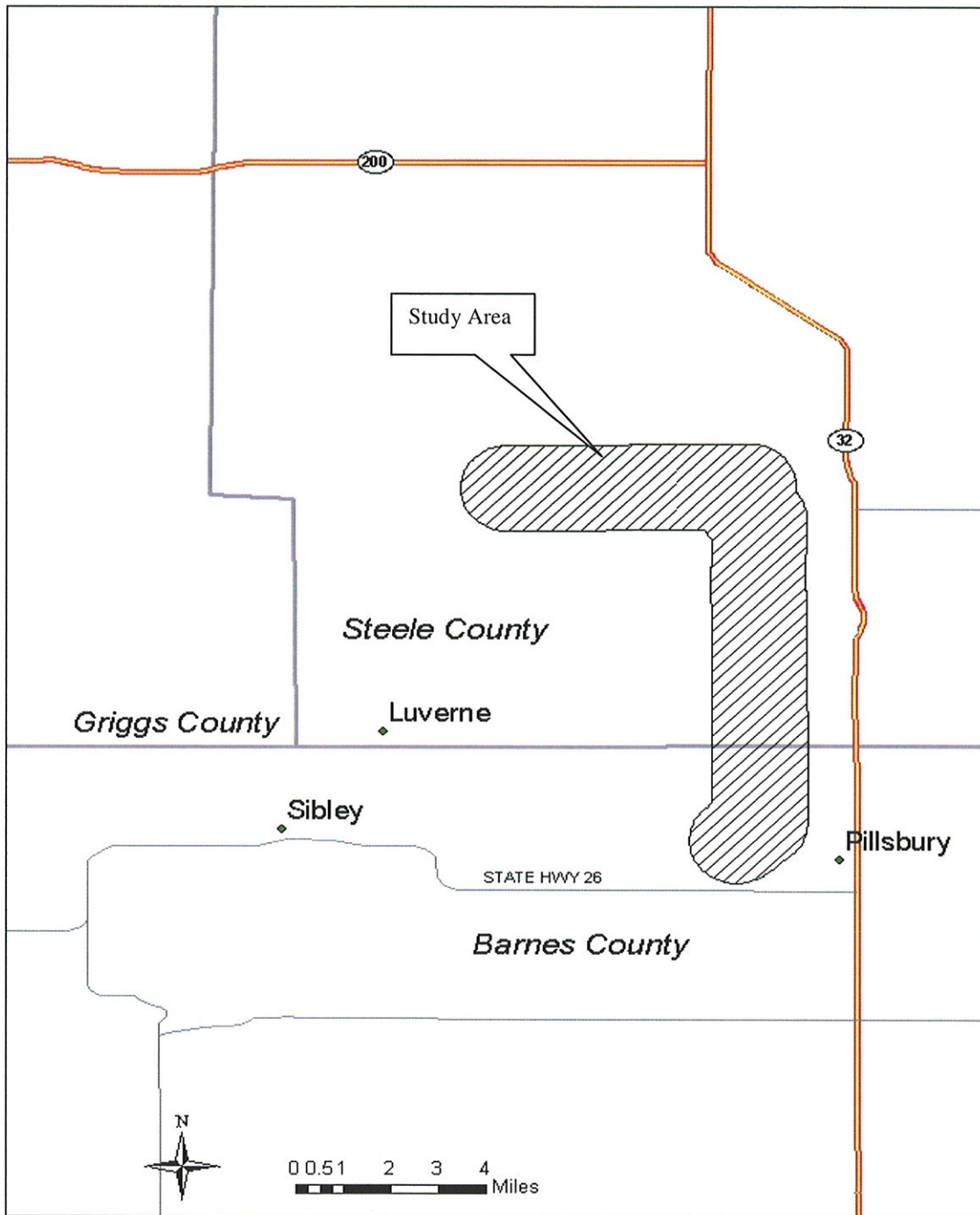
During the time period outlined above, permitting for and construction of the Luverne Wind Farm would follow a parallel path, with the appropriate certificates and permits issued in June, construction beginning in July, and completion of construction in October or November.

**Estimated Total Cost of Construction**

The capital costs for the M-Power 13-mile 230 kV transmission line are estimated at \$4,550,000.

We look forward to working with the Commission on this matter. If you have any questions regarding the proposed transmission line, the Luverne Wind Farm, or this Letter of Intent, please do not hesitate to contact me.

Sincerely,  
  
LAWRENCE BENDER



**Proposed 230 KV Transmission Line  
Study Area  
Steele and Barnes Counties,  
North Dakota**