

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Midwest Independent Transmission) Docket No. ER09-1431-000
System Operator, Inc.)

**NORTH DAKOTA PUBLIC SERVICE COMMISSION
NOTICE OF INTERVENTION AND COMMENTS IN SUPPORT**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC or Commission), 18 C.F.R. §§ 385.212, 214, and the Commission's July 14, 2009 Notice of Filing in the above-captioned proceeding, the North Dakota Public Service Commission (NDPSC) submits its Notice of Intervention and Comments in Support of the Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) and Midwest ISO Transmission Owners' July 9, 2009 proposed revisions to the Midwest ISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff)¹ to revise the method for allocating costs of Network Upgrades for generation interconnection projects meeting the Midwest ISO's Regional Expansion Criteria and Benefits (RECB) standards.

The NDPSC supports the proposal to revise the method for allocating the cost of Network Upgrades for generation interconnection projects meeting the Midwest ISO's RECB standards. These changes in the allocation method are being proposed in response to a dramatic increase in the development of renewable resources within the Midwest ISO footprint in areas remote from their eventual customers. The proposed revisions are

intended to ensure that interconnection-related upgrade costs are allocated to the parties that cause, or benefit from, such costs. The proposal addresses the first interim phase of an ongoing refinement of the RECB cost allocation methodology, based on a thorough review currently underway in the Midwest ISO stakeholder process. Approving the proposal will promote the development of wind generation and further state and national policy objectives.

The NDPSC supports the July 10, 2009 implementation date proposed by the filing parties. It is important that the proposed revisions be implemented immediately, before significant additional costs for pending interconnection upgrades can be imposed on North Dakota customers under the current cost allocation.

I. DESCRIPTION OF NORTH DAKOTA PUBLIC SERVICE COMMISSION

The NDPSC is a three-member body created by the Constitution of the State of North Dakota and statutorily charged with the duty to regulate electric public utility services, rates, and charges in North Dakota. In addition, the NDPSC has authority for the siting of generation and transmission resources within North Dakota. The NDPSC is empowered to participate in federal administrative proceedings affecting utility rates or service in North Dakota. The NDPSC is a "State Commission" as defined in 18 C.F.R. § 1.101(k). The location of the NDPSC's principal place of business is: North Dakota Public Service Commission; State Capitol Building; 600 East Boulevard Avenue, 12th Floor; Bismarck, ND 58505-0480.

¹ Midwest ISO FERC Electric Tariff, Fourth Revised Volume No. 1. All terms not otherwise defined herein are used as defined in Module A of the Tariff.

II. COMMENTS IN SUPPORT

North Dakota is rated as having the top wind resources in the nation. The NDPSC consistently has supported the responsible development of this resource, both for the economy of the state and for the well-being of the nation and the environment. The NDPSC supports development of renewable generation in North Dakota, but not at a substantially disproportionate impact upon North Dakota ratepayers. As fully described in the July 9 filing, the current Midwest ISO cost allocation for network upgrades associated with generator interconnections produces unanticipated and inequitable consequences that, if not quickly addressed, may remove this prime wind rich region from the Midwest ISO footprint. Under the current cost allocation the local ratepayers end up paying a substantially disproportionate amount of cost for Network Upgrades when these North Dakota customers are neither the drivers for the development of generation nor directly benefiting from the network upgrades. North Dakota utilities and their customers are particularly vulnerable to impact of the current cost allocation because the state is sparsely populated and the communities and small businesses in this region face large rate increases from new transmission costs that would be assigned to their zones.

Two North Dakota public utility companies and their customers are at particular risk, Otter Tail Power Company and Montana Dakota Utilities are faced with numerous developers trying to interconnect with their transmission systems to access the Midwest ISO market. These two utilities may be forced to withdraw from the Midwest ISO if the July 9 filing of proposed revision, designed to produce a more equitable overall outcome, is not approved. If not approved, public support for wind in North Dakota will quickly

evaporate when customers see their bills substantially increasing to pay for wind interconnections from which they derive no benefit. The NDPSC supports the July 9 filing as it properly allocates costs to those who are causing the costs. Generators of all types will have the ability to build these costs into their business models, placing each on a level playing field. In addition, aggressive state renewable portfolio standards throughout the Midwest ISO footprint will ensure a demand for continued wind development.

Furthermore, as provided in the Upper Midwest Transmission Development Initiative's (UMTDI) March 6, 2009 letter to the Chairman, and as further explained in the July 9 filing, the approval of this interim cost allocation will retain the integrity of the Midwest ISO footprint and markets while providing the UMTDI and the Organization of MISO States the necessary time to conclude their respective policy objectives to develop regional and sub-regional electric transmission plans and related cost allocations needed to integrate large amounts of renewable resources into the Midwest ISO energy market and to further state and national policy targets.

The NDPSC encourages exploring other methods for cost allocation especially as it relates to the development of a national high-voltage overlay for bringing geographically diverse renewable energy to market. However, what is in place in the current tariff is the least defensible of all models. A small number of ratepayers are assessed a huge share of the costs of projects for which they receive no benefit.

III. COMMUNICATIONS

NDPSC requests that the Commission place on the official service list the individual listed below:

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IV. CONCLUSION

For the foregoing reasons, the NDPSC respectfully requests that the Commission consider these comments supporting the July 9 Filing of the Midwest ISO and Midwest ISO Transmission Owners to revise the method for allocating cost of Network Upgrades for generation interconnection projects meeting the Midwest ISO's RECB standards.

While this tariff revision does not once-and-for-all dispose of the cost allocation issue, it does take an important interim step. It performs an "emergency triage" to fix a problem that greatly threatens ratepayers in one particular sub-region of the Midwest ISO. It may not be a final answer, but it preserves the legitimacy of wind development in the Upper Great Plains.

Respectfully submitted,

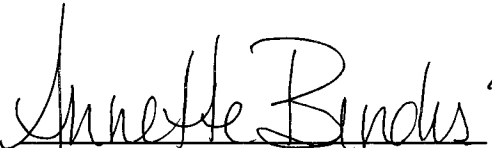


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Dated July 29, 2009

CERTIFICATE OF SERVICE

I, Annette Bendish, hereby certify that I have caused to be served a true and correct copy of the foregoing **North Dakota Public Service Commission Notice of Intervention and Comments in Support** by sending electronic mail messages, each with an attached electronic copy of the same, on July 29, 2009, addressed to all persons listed on the Service List as of July 29, 2009, as compiled by the Secretary of the Federal Energy Regulatory Commission for Docket No. ER09-1431-000.


Annette Bendish