

September 16, 2009

Mr. Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

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PUBLIC SERVICE COMMISSION

RE: Letter of Intent to Submit Application for a Certificate of Corridor Compatibility and a Route Permit for Minnkota Power Cooperative, Inc.'s Proposed 345 kV Transmission Line Project, and Request for Waiver of One-Year Notice Period

Dear Mr. Nitschke:

Minnkota Power Cooperative, Inc. ("Minnkota"), a regional generation and transmission cooperative, is filing this Letter of Intent ("LOI") to submit an application for a combined Certificate of Corridor Compatibility and Route Permit for a 345 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 345 kV transmission line will transport energy from the Milton R. Young Station Unit 2 near Center, North Dakota, to the Prairie Substation near Grand Forks, North Dakota.

The proposed transmission line project will provide additional generation outlet capacity needed within North Dakota, and will transport electricity to the member-owned distribution cooperatives Minnkota serves within North Dakota and Minnesota. In addition, the proposed transmission line project will enhance the reliability and stability of the regional transmission system.

With respect to the right-of-way for the proposed approximately 260-mile long 345 kV transmission line, Minnkota plans to acquire easements from those landowners within the transmission line route ultimately approved by the North Dakota Public Service Commission ("Commission").

Waiver Request

Minnkota 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, and Minnkota requests that the one-year notice period be shortened from one year to six months. Minnkota requests a waiver of the one-year notice period in order to allow adequate time to permit and construct the transmission line by January 1, 2013.

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

Size and Type of Facility

The proposed overhead transmission line will be a 345 kV line, and will likely utilize single-pole, steel structures with a span of approximately 1000 feet in most locations, although other types of structures may be utilized in certain locations, if necessary. The length of the line will be approximately 260 miles. It is anticipated that three existing substations will be modified and/or expanded.

Area to be Served

The proposed 345 kV transmission line will serve eleven member-owner distribution cooperatives of Minnkota in North Dakota and Minnesota. These distribution cooperatives serve approximately 118,000 meters and 350,000 people in North Dakota and Minnesota. The locations of these cooperatives are shown in attachment A.

Map of the Study Area for the Proposed Corridor

Attachment B is a map that outlines the proposed study area for the transmission line corridor. The attachment shows more than one corridor/study area. After gathering preliminary input from the public, agencies, and landowners, it is the intent of the applicant to select a single corridor from those depicted for further study and permitting.

Anticipated Construction and Operation Schedule

Minnkota anticipates that the transmission line project will be operational in the first quarter of 2013. Minnkota proposes to develop the transmission line on the following schedule:

- Third quarter 2010 – File a combined application with the Commission for a Certificate of Corridor Compatibility and Route Permit. In addition, Minnkota will, as needed, file applications for conditional use permits with local permitting authorities (counties and townships).
- Second quarter 2011 – The Commission and the local permitting authorities grant appropriate certificates and permits for the transmission line.
- Second quarter 2011 – Begin construction of the transmission line.
- First quarter 2013 – Complete construction of the transmission line.

Estimated Total Cost of Construction

The capital costs for the Minnkota 345 kV transmission line project are estimated to be in the range of approximately \$309,800,000 to \$349,400,000, depending on the length of the route ultimately approved by the Commission.

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

Sincerely,

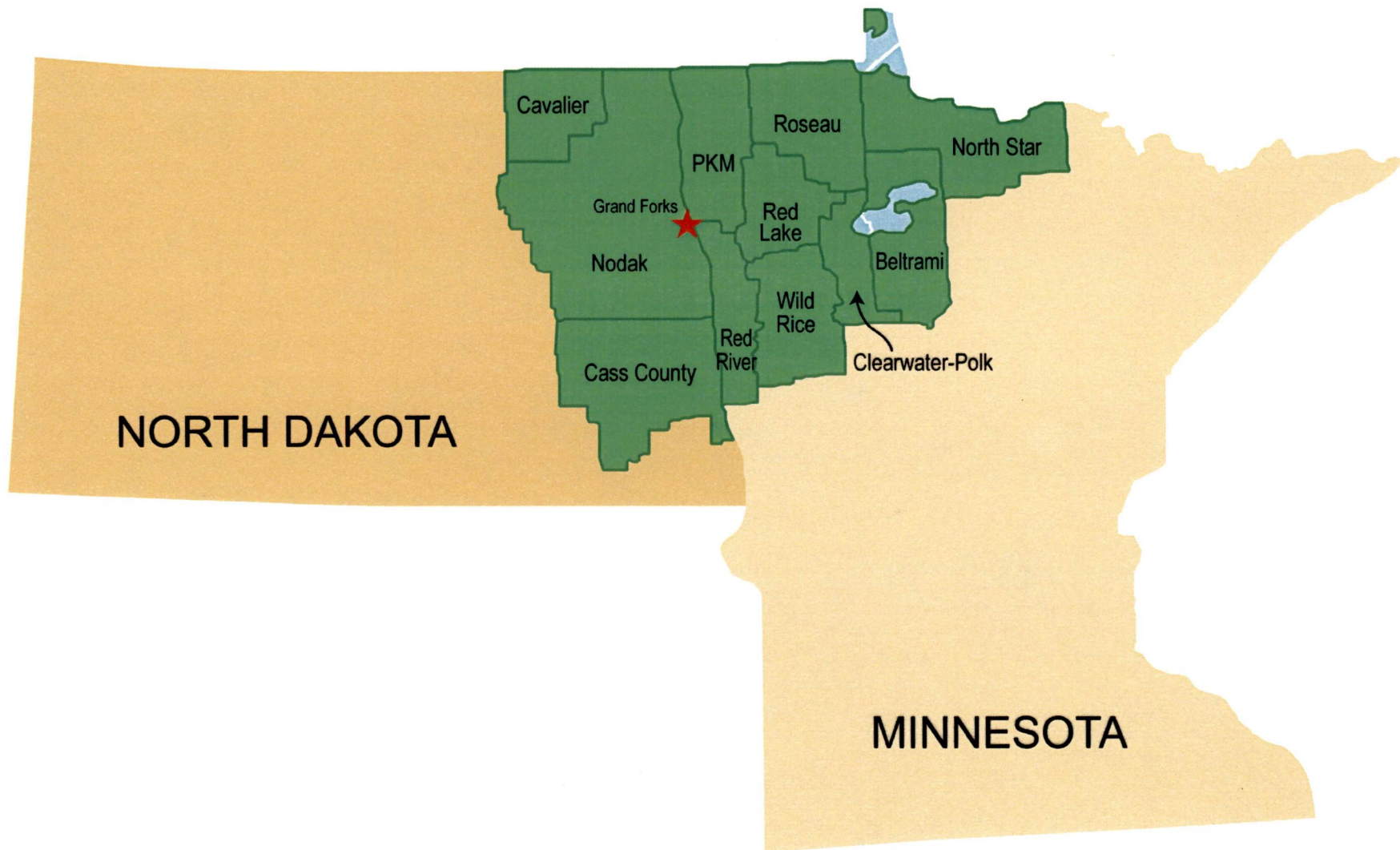
MINNKOTA POWER COOPERATIVE, INC.



Wally Lang
Vice President – Transmission

Michelle Bissonette, HDR
Mollie Smith, Fredrickson & Byron
John Graves
Mike Hennes

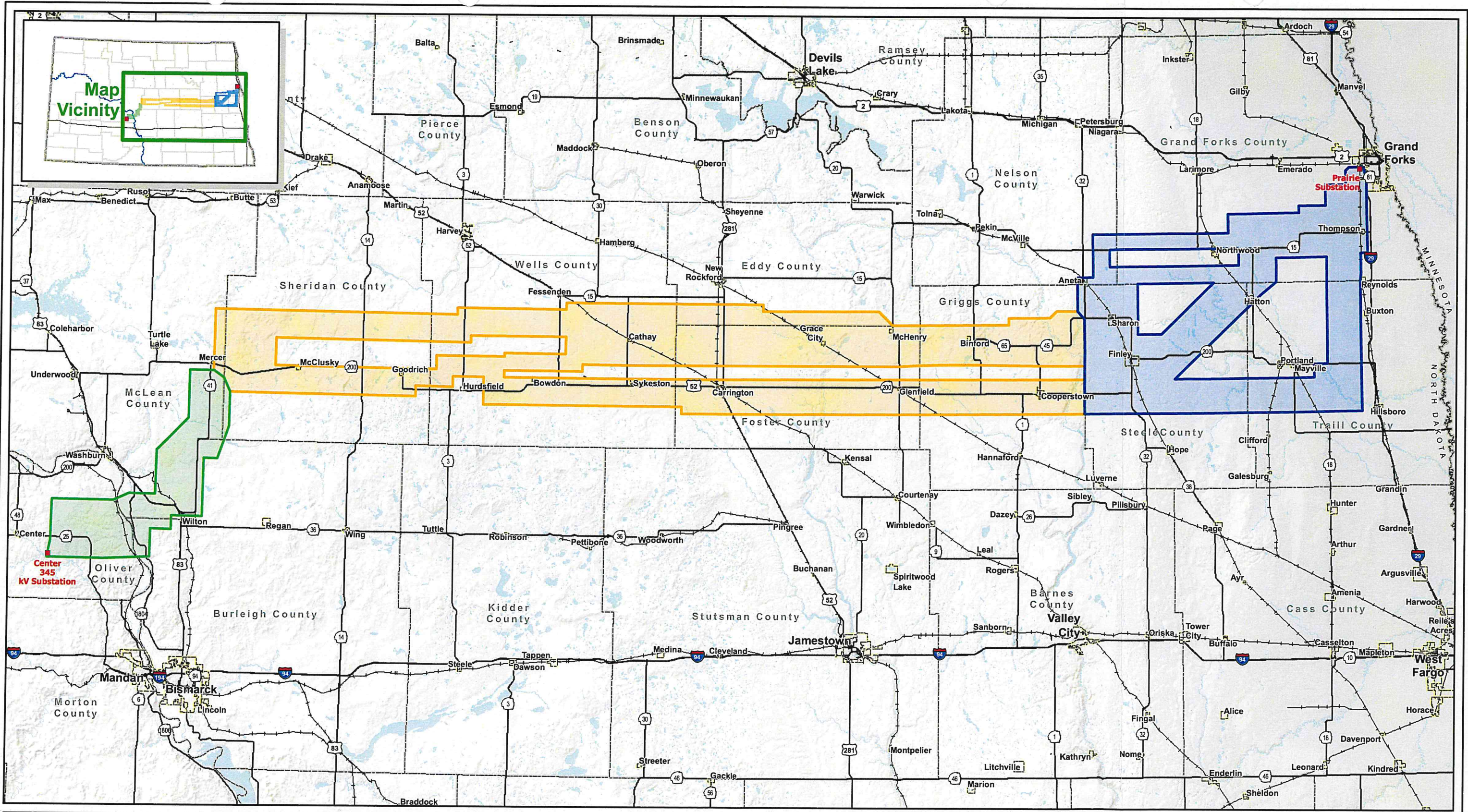
Encl.



Center to Grand Forks Project

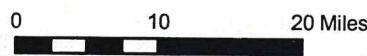
Minnkota Power
MPC COOPERATIVE, INC.

Attachment A
Minnkota Power Cooperative Service Area
Center to Grand Forks Project



Center to Grand Forks Project

Minnkota Power
COOPERATIVE, INC.



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| Study Corridors Sections | ■ Project Substation |
| ■ Center to Mercer | — Highway |
| ■ Mercer to Sheyenne River | — In-Use Railroad |
| ■ Sheyenne River to Prairie Substation | ■ Incorporated Area |
| | □ County Boundary |

Attachment B
Project Location and Study Corridors
Center to Grand Forks Project

Map Document: \\Waseca-cis-01\gis\proj\Map\docs\Agency\PS\CGF - 11x17L_LOI_AIB.mxd, 10/2/2009

Data Sources: NDDOT, NDSWC, USBC.